The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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Contents

Editorial Paragraphs

Britain and Japan Preparing to Resume the Alliance? 465
Germany Endorses Hitler's Program of Withdrawal from League 466
Why the American Navy Is Being Transferred to the Atlantic—Japanese Reactions 467
Japanese Question Becomes Fundamental Issue in Chinese Domestic Politics 471

Special Articles

The Probable Future Course of the American Dollar.. 476
Japanese Banks Find Difficulty in Disposing of Securities 477
Autonomous Inner Mongolia Would Lead to Separatist Movement ..... By Huang Ching-seu 479
China Still Believes in the League of Nations 481
Banditry Rampant in Harbin Region—Russians Emigrate South 482
The Japanese Secret Service—Kidnapping of Koreans Their Special Task 484
The "Triangle Entanglement" in Sinkiang (Chinese Turkestan) ..... By C. Y. W. Weng 486
Menace of Japan's Military Debts—Militaristic Feature of Japan's Public Finance ..... By Chen Pin-ho 488
Who's Who in China 497
Men and Events 498
New Books of Interest in the Far East 500

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS" COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

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Colorado Building, Washington, D. C.

BRITAIN AND JAPAN PREPARING TO RESUME THE ALLIANCE?

THE British Government, through Lord Stanhope, on October 8 (Reuters report) announced that if the Chinese Government would approach Britain for military assistance in the form of "gendarmerie," the British Government "would do its best to see what assistance could be given." Just what strings were attached to this offer were not made clear, but in the debate which elicited this statement Britain's "slackness" in its China policy was emphasized.

It was Lord Peel, former Secretary of State for India, who opened the debate on China policy in the House of Lords with a suggestion for "reshaping Britain's attitude towards China in view of new conditions." He criticized British policy "as being too much inclined to let matters drift," noted that "the withdrawal of the British battalion from Shanghai coincided with the building of larger Japanese barracks," and declared that other powers "had shown no slackness and had been busily strengthening their foothold in China." Britain, on her part, "might help China with gendarmerie" in the Yangtze Valley, to assist the Nanking Government against its enemies and enable it to carry out its schemes.

Lord Stanhope, on behalf of the Government, replied most significantly, stating that "our aim is to maintain cordial relations with the constituted Government" of, China, and that "as regards Lord Peel's suggestion that Britain might help China with gendarmerie, he thought the first move should come from China. If such a suggestion were made, the Government would do its best to see what assistance could be given."

The proposal comes, some would say, rather late. China has been in bittter and terrible need of foreign military or even diplomatic assistance for more than two years, with Japanese forces ruthlessly invading and occupying Chinese territory, slaughtering Chinese, destroying cities, but there do not seem to have been any British offers at that time to "help China with gendarmerie." Here at Shanghai, the most important centre in the whole Yangtze Valley, Chinese troops carried on a heroic struggle for many weeks against a far better equipped enemy, an enemy which devoted itself to such widespread destruction as no other city in China has known in modern times, but not only were no suggestions heard in the House of Lords to give China

material assistance, but the forces of disorder and destruction were even permitted to use the International Settlement as a base of military operations against China, Britain not sending "gendarmerie" even to re-establish the neutrality of the Settlement which since its foundation has been predominantly under British control.

It was at that time, in support of the Japanese declaration that China was not an "organized people" and hence not entitled to protection under the League Covenant, that the British delegation to Geneva stated frankly (though privately) that Britain did not intend to observe the Covenant in connection with the dispute, and made this clear by its activities at League sessions. And when the League of Nations, a few months ago, finally declared Japan's complete responsibility in the invasion of China and setting up of a puppet regime in the northeast, Britain went out of its way to emphatically show its dissent, establishing a brief but most significant arms embargo on both China and Japan, putting the two countries in the same category as regarded hostilities.

What has now happened to suggest such a striking change in British policy, and the demand for "reshaping Britain's attitude towards China?" The most significant developments in recent weeks in China have been the ousting of Finance Minister T. V. Soong by Japanese intrigue, and the carrying on of direct negotiations between Chinese and Japanese representatives in Peiping. On the border of Manchuria the Soviet's patience with Japanese effrontery is reaching its limit, and Japan is seriously perturbed at the possibility of actually having to fight a first-class Power single-handed. Not only this, but actual conflict between Japan and Russia would give patriotic Chinese a splendid opportunity for an attempt to recover the lost territories from the Japanese invaders. The hostilities at Shanghai showed clearly that good Chinese troops are fully equal, in fighting ability, to the Japanese. And the result of such a struggle would undoubtedly be Japan's loss of all her illgotten gains.

The antagonism of the British Tory Government to Soviet Russia has been little concealed, and the old Anglo-Japanese Alliance, in abeyance for several years but renewed (semi-secretly) in 1928, carries on the old policy of cooperation between the two Empires. British gendarmerie in the Yangtze Valley could at least see to the defense of the Japanese rear against Chinese troops, the best of which are in the Yangtze and south of it, giving the Japanese a free hand against Russia. This gesture of Britain, so encouraging to the Japanese, coincided with the opening of discussions in Washington between America and the Soviet, so encouraging to the Russians.

In still another way is the British proposal significant. Japan's defeat of China thirty-eight years ago, showing the weakness of the Manchu Empire, was followed by the rush by foreign powers for "spheres" and "concessions" which was seen by many as the beginning of the break-up of China. We are evidently seeing a further aspect of the same thing today. Japan having definitely occupied her old sphere in China's northeast, Britain is considering altering her "slack" policy and sending troops into her old sphere in the Yangtze Valley. The "war against Communism" will probably be the avowed reason for it. The Japanese have long been using the same argument, their propagandists maintaining from year to year that they were the "bulwark against Bolshevism" in the Far East, and that their military activities meant the salvation of China from the Red scourge—though responsible Chinese have declared that if it came to a choice between Japanese military rule, and rule by Chinese Communists, they would choose the rule of their own countrymen, even though they were red.

In any case, the declaration by the British Government is a most significant one, and comes at a most significant time. It shows, like many other acts of the present Tory regime, a reversion to the old policy of military aggression. Peel, in making his proposal, referred specifically to Britain's policy in India, which he asserted "proved that we did not desire any controlling interests in China!" Most people, however, interpret this policy very differently. If Britain's policy in China is to follow the lines of Britain's policy in India, it means the end of such independence as China still possesses,—though Britain will in this case have to divide up with Japan, and to some extent with France. But she is already prepared to send troops, and merely awaits the formality of a suggestion from the Nanking Government,—which however she may very possibly fail to receive.

GERMANY ENDORSES HITLER'S PROGRAM OF WITHDRAWAL FROM LEAGUE

GERMANY has spoken in no uncertain terms endorsing the program of Adolph Hitler, based on an appeal to German patriotism—the irony of which is that Herr Hitler was himself born an Austrian, where his policies are not at all popular. By an overwhelming majority, the people of Germany during the election held over the week-end signified their assent to the withdrawal of the Reich from the League of Nations and the Disarmament Conference. Out of 42,938,152 votes, 39,638,789 were for the Nazis. The crush at the polls was tremendous. The waiting crowds were entertained with music from Storm Troop brass bands rushed from poll to poll in motor trucks. During the day thousands of school-children marched through the streets to demonstrate for "honor and peace." The elections passed off peacefully. Few incidents were reported. A large attendance of women at the polls was a striking feature. The bulk of German women complacently accepted Hitler's list of candidates although it did not contain the name of a single woman. Hitler did not vote in the Government quarters like other members of the Cabinet, but drove out and voted in a canteen in the workers' quarters of the Siemens factory.

Hitler was backed by almost double the number of Germans as compared with those who voted for him in the election held last March 5. Twelve million voters who in March had voted for Socialists or Communists have now gone Nazi, thus justifying Hitler's boast that he would stamp out Marxism and Bolshevism in Germany. The German press generally comments that German policy, having decided definitely for reconstruction, it is now the business of others to act, but on the basis that there must be equal rights. Those who preach the cause of peace, says the

German press, must not talk of sanctions, revenge or the non-return of the Sarre region to Germany.

The French press views the German election results with despondency, the newspapers asserting that the pride of the German Empire, vanquished in the Great War, is again resurrecting itself. The *Rempart* went so far as to urge France to occupy Germany "so as to prevent another war" The opinion is generally expressed in France that Herr Hitler's "peace speech" last week was intended for British and Italian consumption and it is feared that Italy may turn to Berlin and forsake Geneva. "Collective hallucination" sums up the French opinion on the German elections. Complete abolition of the Treaty of Versailles is feared, and some papers ask if Ramsay MacDonald is still determined to abandon the Treaty. The Italians generally hail the result of the German elections as a victory for the Fascist idea in Europe. It is feared in some quarters in Vienna that Chancellor Hitler's triumph will encourage Austrian Nazis to attempt a "putsch."

***

The developments in Germany in recent years are to a certain extent a confirmation of the Christian Science doctrine that the mind in the end will conquer over mere material things. By the treaty of Versailles the Germans were humiliated in a way that no other proud people ever were before in history—even more greatly humiliated than the French were humiliated by the Bismarck regime of 1870. And just as the French emerged rapidly triumphant from the burdens that were placed upon them half a century previously so the Germans are gradually getting out from under the disabilities laid upon them at Versailles—the said spot having been expressly chosen for the humiliation of Germany, because it was there that Bismarck had humiliated the French in the war of 1870 The fact is frequently lost sight of that the first Emperor of Germany was actually crowned on French soil. The Germans have once more proved that a virile race can never be permanently downed by the most devastating of wars unless the enemy also kills the women. In fact, writers on military and economic subjects have expressed the opinion that the idea that women and children should be spared by war operations is not at all dictated by chivalrous motives, but by the very practical consideration that if the women and children are killed there will be no soldiers in the future. The Germans, in spirit, never accepted the theory that they were responsible for causing the war. Recent investigations have largely annihilated that theory. The German position can be stated in a few words; We want equality with the rest of the world, commensurate with our abilities and our past history; if that is accorded us, we will work for peace, otherwise there is no telling what may happen. "Germany wants peace but a peace among equals," was one of the principal German election slogans.

Why the American Navy Is Being Transferred to the Atlantic---Japanese Reactions

VARIOUS official and unofficial reasons have been advanced for the transfer of the U. S. scouting and battle fleets from the Pacific to the Atlantic early next year, but Japan's enthusiasm over the announcement was short-lived when it became known that the transfer was only temporary and the entire fleet probably would be returned to Pacific Coast bases in August of next year. The latest report on the movements of the fleet was contained in a *United Press* report from San Francisco dated Nov. 7 stating the fleet will leave the San Pedro and San Diego bases on April 7 of next year and after a visit to various Atlantic ports will arrrive at New York on June 1. There will then be an extended cruise and maneuvers in Atlantic waters, following which the combined fleets will depart from the Atlantic on August 1, arriving at Pacific coast bases about September 1. The plan was arranged by the fleet commander, Rear-Admiral David F. Sellers following a conference with Claude A. Swanson, Secretary of the Navy, who has just completed a tour of Pacific coast bases including Panama and Honolulu. A further announcement from Washington (*United Press*, Nov. 3) said that all of the naval air-forces now based on the Pacific will remain there and will not take part in the Atlantic cruise and maneuvers. Also, several of the vessels which are now being reconditioned in Pacific coast navy yards, will remain and will not be transferred to the Atlantic with the main body of the fighting force. It was stated further that the U. S. Asiatic fleet will not be affected by the move and will remain on the China coast and at Manila. The vessels which are now being overhauled in Pacific coast navy yards and which will remain include three battleships, three cruisers and fifteen destroyers.

While President Roosevelt's original announcement (*Reuters*, November 3) telling of the transfer to the Atlantic merely stated that the Navy "should be acquainted with both oceans," it was but natural that the move should arouse considerable international speculation and such has been the case. And of the international reactions, that of Japan has naturally been most interesting, particularly in view of the fact that Japan's enthusiasm over the move was quickly tempered by the later announcement from Washington that the transfer was to be temporary only and of the further fact that prior to the transfer the Navy will again engage in extensive maneuvers designed to test the defences of Pacific coast cities, particularly San Francisco. The sham-battle which was scheduled to begin off Golden Gate on November 13 was described by Rear Admiral Sellers as the "greatest in several years," and was designed for the purpose of testing the fleet's tactical development as a result of almost a full year of maneuvers participated in by more than 100 surface vessels, all available submarines, aircraft carriers, 300 airplanes and the dirigible Macon which is now stationed at the new dirigible base near San Francisco.

But while the speculation over the reasons

for the transfer of the fleet from the Pacific to the Atlantic have ranged all over the international map, including the recent Russo-American rapprochement, very few of the news reports telegraphed to this part of the world have more than hinted at what apparently may have been the chief reason: the necessity (party political) of transferring the fleet, or at least the major portion of it, to Atlantic ports for reconditioning purposes. A Washington report (October 30) quoted Rear Admiral William H. Standley who has charge of plans for modernizing the navy as stating that approximately U. S. $70,000,000 would be spent for the purpose of reconditioning and modernization existing craft. In this connection naval officers have stated that since the navy yards on the Pacific coast were not equipped to handle all the work it was at first decided to send a few of the ships at a time to the Atlantic, but later it was decided to send the entire navy with the exception of some 20 vessels which are being reconditioned at Pacific yards. The extended stay of the fleet in Pacific waters has also had an adverse political and economic effect in districts on the Atlantic coast where portions of the fleet previously had been stationed.

Aside from the domestic political and economy considerations there have been suggestions of international reasons concerned with the transfer, one being that the re-establishment of diplomatic relations with Russia has considerably eased the crisis in the Pacific, thus enabling the United States to return the fleet to Atlantic waters. A *Nippon Dempo* report from Washington on November 4 quoted certain officials in the American capital as stating that the transfer of the navy "was designed to mollify whatever apprehension that may exist in Japan over the likely rapprochement between the United States and the Soviet Union....also, it is calculated to have a beneficial effect on Japanese public opinion in general." But while Washington officialdom welcomed this interpretation in Japanese circles, President Roosevelt said that international implications of the cruise "had hardly entered his mind," when the order was issued. That the original order for the transfer was interpreted as a friendly gesture by the Japanese was indicated in translations from the Tokyo *Asahi* which appeared in the *Japan Chronicle* stating that it had removed Japanese suspicions of American designs and had proved to the world that America sincerely desired peace in the Pacific. A few days prior to the issuance of the order for the transfer, President Roosevelt delivered an address in Washington wherein he declared, "As a nation we are overwhelmingly against engaging in war and we are seeking no additional territory at the expense of our neighbors.....it is only those nations which at present are threatening world transquility by their imperialistic expansion and domination which are endangering the world's peace....the great majority of the world's inhabitants feel the same as we do about territorial expansion or getting rich and powerful at the expense of their neighbors....it seems clear that it is only through constant education, stressing the ideals of peace, that those seeking to gain by imperialistic policies can be brought into line with the majority."

But while the report of the cruise of the U. S. fleet to the Atlantic may have somewhat eased the tension in civilian circles in Japan, it did not have a similar effect in Japanese army or naval circles according to reports which appeared in the *Japan Advertiser*. Quoting a report from Japanese naval circles which appeared in the *Hochi Shimbun*, the Tokyo American paper said that naval officials in Japan "regarded it as premature to conclude that ill-feeling between Japan and the United States caused by the Manchurian incident can be removed by a mere transfer of naval vessels." After suggesting that the American object may be concerned with a "demonstration to counteract the uncertain situation in Europe engendered by the hopeless situation of the League disarmament conference following the withdrawal of Germany from the League and the Conference," the *Hochi Shimbun* declared,

> "We do not attach too much importance to the fact of whether the United States Fleet stays in the Pacific or moves to the Atlantic. If there are any men in Japan who believe that the matter will immediately invite good feeling between the two countries, and remove the Japanese-American crisis, and thereby check the plans of the Japanese Navy for its second replenishment program, they are merely men who have been tricked by the United States. Unless the basic national policy of America toward the Orient is changed, or the Panama Canal is permanently closed, Japan cannot be at ease toward the American attitude.
>
> "The American Government and the American people are not alone in emphasizing that a great naval crisis is coming in 1935, the year of the expiration of the Washington Naval Treaty. The United States is also saying that neither the United States or Great Britain will force Japan to cancel its recognition of Manchukuo or surrender its mandated South Sea islands to the League at the second Washington conference in 1935. If Japan demands armament equality with those two powers at the conference, a free warship construction competition will ensue and Japan will be greatly troubled, because of its financial situation. All those factors, however, are merely a wise sort of propaganda by America to put Japan off its guard. One cannot be too careful in this world.
>
> "Even Germany, vanquished in the World War, claims armament equality. And at such a juncture, circumstances will not allow Japan to remain satisfied with an inferior naval ratio. If the coming Washington conference ends in failure, and is followed by warship construction competition, Japan must be in a free position, not restricted by treaty. No enormous funds would then be needed for the situation, because Japan would be able to concentrate its energy on the building of as many submarines as possible. Japan's naval defence will be based on submarines in the future. And for that reason, Japan will not be inferior to America and Britain in naval competition.
>
> "It is quite true the Washington conference will be stormy, because Japan intends to demand the revision of a treaty which is unfavorable to the objects of disarmament. Who can guarantee a calm outcome for Japan?
>
> "In 1938, America's program for the building of eight-inch cruisers will be completed. That means the perfection of America's long hoped-for plan of operation in the Pacific—a plan dating back to 1905. At the same time America will finish land and sea equipment started in 1925, the plan sponsored by Admiral Pratt, former chief of American naval operations. Provisions in the Washington and London treaties are cleverly interwoven to the disadvantage of Japan and Japan cannot remain idle.
>
> "America is spreading the propaganda that it will neither force Japan to cancel its recognition of Manchukuo nor surrender the mandated South Sea islands, but, as the past teaches, that promise may not be realized. America not only effected an agreement satisfactory to it at the Washington Conference, but caused Japan and Britain to abrogate

the Anglo-Japanese alliance and gave a great blow to Japan's activity in China by inducing the Powers to sign tthe Nine-Power Treaty. China's overbearing demeanor toward Japan in the past was the outcome of the conclusion of the Nine-Power Treaty.

"Japan could curtail naval expenses by agreeing to all treaties, but, on the other hand, national income already is being reduced. Sino-Japanese trade has sunk considerably as a result of this country's unfortunate naval situation, the loss amounting to more than Yen 2,000,000,000 in the last 12 years. Thus the Washington Conference has provided the greatest hindrance to the development of Japan's trade with China."

The official bulletin (Nov. 10) issued by the Japanese Military Headquarters at Tientsin contained a further Japanese reaction on the transfer of the U. S. Fleet which is worthy of reference. After reviewing U. S.—Japanese naval relations resulting from the Manchurian incident and the Shanghai incident the Japanese military bulletin declared that the withdrawal of the American fleet to the Atlantic constituted final recognition that Japan is the dominant power in the Far East and should be given a free hand, especially with regard to Manchukuo and other matters, "this being the true reason why the U. S. Atlantic Fleet has no further cause to remain in Pacific waters."

The fact that President Roosevelt's announcement was welcomed in civilian circles in Japan indicated that if the American decision was made with the idea of easing the situation in Japan, the time selected for the announcement was most propitious for War Minister Araki and Navy Minister Osumi were both using the presence of the American fleet in the Pacific as an excuse for forcing their exorbitant military appropriations through the forthcoming session of the Imperial Diet. The American decision, coming at this time, has had the inevitable effect of taking the wind out of their sails for when the Imperial Diet meets late in December, the American fleet will be far on the Atlantic side of the Panama Canal. But Japanese naval officials apparently do not intend to permit the U. S. fleet transfer to interfere with their plans for pushing through their naval replenishment program. A Tokyo report through *Rengo* on November 6 quoted naval officials as declaring that they intended to push through their demands despite the opposition of officials of the Finance Ministry. The report said, "While some people are inclined to think that the return of the American fleet to the Atlantic next year will relieve the ominous atmosphere prevalent on the Pacific and this may influence to a large extent the second replenishment program of the Japanese navy, it is the consensus of opinion of the Japanese naval authorities that a temporary movement of the American fleet cannot be taken as indicating a turn in one nation's policy toward another. The decision of the American Government to return the fleet to the Atlantic will not influence the projected replenishment program of the Japanese Navy." In this connection the Japanese naval minister, Admiral Osumi was quoted further as declaring, "The naval replenishment program is absolutely essential to Japan, and it is my intention to enforce it right or wrong....the second naval replenishment plan has been formulated....the Imperial Navy on which the responsibility of national defence is laid, must enforce that construction, right or wrong....the United States has set about warship construction to the enormous cost of U. S. $270,000,000. As compared with this gigantic American naval expansion plan, Japan's naval replenishment plan is insignificant." A further report in the *Osaka Mainichi* on October 24 claimed that the Japanese Cabinet's so-called "Five Ministers' Conference," had decided upon the following naval policy,

1. Naval replenishment shall be intended for defensive and not offensive purposes.
2. The execution of the Second Naval Replenishment Plan is absolutely necessary because of the fact that with the expiration of the London and Washington Treaties in 1936 the defects of the armaments consequent on the London Treaty will be clearly felt by the Imperial Navy.
3. As the result of Japan's withdrawal from the League of Nations, the question of the mandatory of the South Seas Islands will come to the fore two years hence. The country must also be prepared for international disputes arising from Far Eastern questions centring on the Manchurian affair, and accordingly Japan must be prepared to protect its position with actual strength.
4. In the coming armament conference in 1935, this country shall insist on equality of armaments, and in case the conference fails, the country must be prepared for a naval race.
5. The naval policy is intended to ensure safety for a period of several years subsequent to 1935 when much danger will be imminent.

As a means of preparing the minds of the people for financing the second replenishment program, Admiral Osumi has been instrumental in forming the so-called Kokubo Doshikai, or "National Defence Promoters' Association" in the Osaka industrial district. The organization also includes several retired admirals, university professors, industrialists and a consul-general who once served in the United States. The association will send out lecturers to address meetings held for the purpose of promoting the "national defence mind," according to the announcement.

Turning again to the United States, we also find that while opinion may be divided as to the reasons for the transfer of the U. S. Navy to the Atlantic, there apparently is no present intention to permit this to interfere with the Administration's plans to build the American fleet up to full treaty strength. Congressmen returning to Washington from an inspection trip to the Pacific coast, Panama and the Hawaiian Islands declared that an intensive campaign will be conducted in the next session of Congress for an efficient navy and an impregnable naval base at the Pacific end of the Panama canal. President Roosevelt also issued a statement in connection with the national observance of Navy Day wherein he said that along with the general movement for the lessening of naval armament, "there comes a greater reason than ever for maintaining the highest efficiency, general fitness and the morale of this branch of the national defence. While treaty provisions are not to be exceeded, whatever naval force the United States has should be at maximum efficiency." Rear Admiral Standley, in an address on the same occasion, said that the present building program was "absolutely necessary from the standpoint of efficiency alone....the United States Fleet at present is under-manned....vessels are badly in need of repairs and many units must be modernized....it would be useless to put our navy in its present condition against a navy composed

of modern ships of the same type." Secretary of the Navy Swanson, always a big navy advocate declared in the course of a statement at the Bremerton, Oregon navy yard upon his recent return from an inspection trip to Honolulu, that the "United States' best guarantee of peace is a Treaty navy second to none....in our efforts to give this nation a navy comparable to those of other powers, we are merely conforming with the agreement reached at the London Navy Conference....we have no right to complain of other nations which agreed to the ratio of ship building to full treaty strength and they have no right to complain if we do the same....our relations with Japan have been entirely friendly and nothing indicates war or trouble from that quarter.... we have started a building program which I hope will be continued until we have reached full treaty strength....it is our privilege and duty to have a navy capable of defending our rights wherever they exist and such a navy would do much to promote and ensure world peace.... Our policy is not aimed at Japan, Great Britain or any other country. For years we have attempted to have them reduce their forces and their refusal necessitates new ship construction by us if we are to conform with the arms agreements made."

WHY ARAKI IS WORRYING ABOUT THE "FATEFUL 1936"

In reading General Araki's frequent references to the international crisis which is expected to develop in 1935-1936, one is reminded of the experiences of a religious sect in the United States several years ago which forecased the end of the world, but made the unfortunate mistake of naming an exact date. Hundreds of persons who were influenced by the teachings of the religious "prophet" and who actually thought the end of the world was approaching, went to the extent of disposing of all their worldly property and ascending the highest available mountain, bright and early on the fateful day. But nothing occurred. The sun came up as usual and nothing untoward happened. The faithful were finally compelled to descend from their high mountains and begin life anew, much to the amusement of the skeptical onlookers. Just now Gen. Sadao Araki, Imperial War Minister, has taken upon himself the role of "prophet" and is advising the Japanese people that the year 1936 is the fateful year which will bring with it a crisis not only for Japan, but for the entire Far East and the world generally. In order to meet this crisis, Warlord Araki calls upon the Japanese people of high and low degree to forget their differences and unite for the vindication of what he termed the "Kodo-Spirit." He neglected to explain in detail just what he meant by the "Kodo-Sprit" but made the threat that if the present Japanese Cabinet could not be brought to his way of thinking, he might be compelled to adopt other measures. This led some of the Japanese papers to suggest that Warlord Araki might resign, but he angrily repudiated this and declared that if the Japanese liberals had their way, "Japan would have to wash its hands of the Manchurian question, return to the League of Nations and cut its armament in half." Gen. Araki apparently was especially indignant regarding a statement by former Premier Baron Wakatsuki (who signed the London naval agreement), who, in the course of a political speech inquired, apparently quite innocently, what was meant by the agitation about a crisis in 1935-1936. "Some people seem to regard 1935-1936 as critical for Japan ....I cannot see why it is so, for if these years are to be critical for the nation, then it must be critical now....if something very grave is to happen then, it is necessary that efforts should be made to prevent it immediately." Mr. Wakatsuki then went on to say that he did not have a very high regard for Fascism as practiced in Italy, either in uniform or in ordinary clothes, and he also was not particularly enthusiastic about communism as practiced in the Soviet Union. He declared that Japan had progressed under a constitutional form of government and while there were defects in the system, he believed it would be a serious mistake if the Japanese people were misled into adopting some other system of government.

General Araki's constant references to the impending crisis in 1935-1936 refer, of course, to the expiration date of the Washington and London arms agreements. According to the terms of the Washington arms agreement which was signed by America, Britain, France, Italy and Japan in 1922, the treaty is scheduled to expire on Dec. 31, 1936. But there is a clause in the last paragraph which provides, "In case none of the Powers give notice two years previously of intention to terminate the treaty, it shall continue until expiration of two years from the date of notice of termination by any of the Powers.... Within one year from notice of termination by any Power, all shall meet in conference." Although General Araki has made considerable noise about Japan's intentions to give notice of intention of terminating the treaty in order to demand naval parity with Unitted States and Great Britain, he apparently has not yet been able to convince the other members of the Government of his point of view. This was indicated quite clearly in reports regarding the so-called "Five Ministers Conferences" which have been held in Tokyo recently, the reports stating that no decision had been reached on either domestic or foreign policy. Warlord Araki is therefore in a serious predicament, leading to reports in the Japanese newspapers that he might be forced to resign from the Cabinet, which action naturally would precipitate a domestic political crisis, the seriousness of which has been indicated in political forecasts hinting that the two major political parties, Seiyukai and Minseito, might unite to preserve constitutional government and head off the Araki-planned military dictatorship.

As naturally might be expected, the predicament in which Japan now finds herself as a result of two years of Arakian-madness has led to some curious reactions, the most recent being a suggestion by Araki that Japan should call a Far Eastern conference for the purpose of "settling the peace of the world." Warlord Araki made his suggestion immediately following the recent fall military maneuvers, which according to a *Rengo* dispatch embraced the following points:

1. In view of the fact that Japan is surrounded by many pending problems of international importance at the present moment, as well as in

view of the approach of the second Washington Conference in 1935, the Japanese Government should fix a settled foreign policy in order to deal with situations in the Far East.

2. The proposed Far Eastern Conference should be a preliminary conference to revising the London and Washington treaties as far as Japan's interests with the Unitetd States and Great Britain are concerned.
3. As regard the Soviet Union, discussions shall be made on the maintenance of peace between Japan and the Soviet and Manchukuo, based on the principle of non-aggression.
4. The conference shall deal with political problems including the Kellogg Pact, Nine Power Treaty and Japan's relations with China and Great Britain in the Far East, whereby endeavoring for the establishment of peace through the fundamental readjustment of foreign interest in the Far East.
5. The Japanese Government shall ask the attendance at the conference of Manchukuo, China, Siam, India, Afghanistan, the Soviet Union in Asia, and the United States of America, Great Britain, France, Italy, Germany, and the Netherlands on the European continent.

With the exception of a mildly favorable response from Germany, which country was not a signatory to the Washington Conference treaties, no one either in Japan or elsewhere apparently took Araki's proposal seriously. But it did provide the Japanese newspapers as well as political leaders an opportunity for appraising the present embarassing position of their nation in world affairs. Attention was called to the fact that Japan literally has no friends anywhere, that there is no prospect of any nation recognizing Manchukuo and as for obtaining international agreement on Araki's proposal for revising the Nine-Power Treaty and Kellogg Anti-War in order to legalize Japan's theft of Manchuria, the prospect is equally unfavorable. Attention also was called to the serious crisis with respect to Japan's relations with both Russia and the United States, and also with her near neighbor China. Therefore, in the view of the Japanese war party, there is nothing for Japan to do but to continue to consolidate her position in Manchuria, hoping in this manner to so strengthen herself as to be in an impregnable status from the standpoint of world opposition. In this connection Warlord Araki declared, "Japan's present national strength is a wonder to the world. If Manchukuo's population of 30,000,000 is added to Japan's population of 90,000,000 the two countries have between them a total population of 120,000,000. Natural resources they have in abundance. Although formal recognition is still withheld by the Powers from Manchukuo, syndicates of investors in many countries are showing increased interest. At this juncture it is important that Japan should take the initiative in propounding her policy for world peace with a view to proclaiming her true spirit to the world, which lays the foundation for Far Eastern and world peace. This is the way for Japan to develop her future destiny and for the whole world to regenerate."

Aside from the Arakian proposal for adjusting world affairs on the foundation of Japan's policy of treaty violation and aggression upon neighboring states, there also have appeared inspired reports in the Japanese newspapers about plans designed to heal the breach in the relations of Japan and the United States, one being that Japan should send another "good-will" mission to Washington and another that Japan should try to induce the United States to enter into an arbitration treaty. But Gen. Araki disapproved of these schemes, declaring that they would not touch the fundamental trouble—in which statement he apparently was, for once at least, exactly correct!

Japanese Question Becomes Fundamental Issue in Chinese Domestic Politics

THE attempt of the Japanese General Staff, acting through certain Chinese banking and military elements at Shanghai and Peiping, to bring about a Sino-Japanese reconciliation involving China's recognition of Manchukuo, suppression of the boycott and reduction of Chinese tariff rates on Japanese products has precipitated an acute political issue which may result in fundamental changes in the National Government at Nanking. The situation had reached such a serious stage that Wang Ching-wei's organ in Shanghai, the *Central China Daily News*, published a charge in its issue on Monday of this week that the 19th Route Army now in control of Fukien province was negotiating an alliance with the so-called "Third Party" closely allied with Chinese Soviet Republic which is functioning in Kiangsi province and against which Gen. Chiang Kai-shek is now involved in a serious civil war.

That a veritable "hornet's nest" of political gyrations has been stirred up in Kuomintang circles as a more or less direct result of Japanese political pressure and intrigue is now generally recognized by the Chinese papers of all political complexions. The Chinese edition of the *Evening Post* on Tuesday printed a dispatch from its political correspondent alleging that Gen. Chiang Kai-shek and Wang Ching-wei had jointly sent a telegram to Hu Han-min in Hongkong inviting him to come to Nanking, presumably for the purpose of accepting the chairmanship of the Government. Lin Sen, the present chairman of the Government, has just returned to Nanking from his native province of Fukien where he allegedly failed in an attempt to head off a so-called "independence" movement. Hu Han-min, former chairman of the Legislative Yuan and member of the old guard in the Kuomintang, has been living in retirement in Hongkong since 1931 when he had a serious clash with Gen. Chiang over governmental policies.

That the 19th Route Army, which defended Shanghai against the Japanese invasion early in 1932 has since become an important political force in China is indicated in the fact that Foochow, capital of Fukien province and headquarters of the 19th Route forces, has recently become the center of widespread political interest. Gen. Chiang Kai-shek's paper in Shanghai, the

Morning Post, published a report in its issue of Tuesday, Nov. 14, stating that recent important changes had taken place in the 19th Route army as a result of conferences participated in by Generals Tsai Ting-kai, Chen Ming-shu and Chiang Kwang-nai, one of the changes being the dismissal of Gen. Ou Shou-lien, commander of the 78th Division which suffered heavy casualties in the fighting with the Japanese at Shanghai last year. Gen. Ou Shou-lien, allegedly, was dismissed from the army because of his failure in preventing the occupation of Liencheng in northern Fukien by the Kiangsi Reds about two months ago.

In order to understand the present political line-up it should be explained that there are now four more or less distinct political military groups functioning in south China. These groups with their outstanding leaders are:

Canton Administration, headed by Gen. Chen Chi-tang.

Fukien Administration (19th Route Army), headed by Generals Chen Ming-shu, Chiang Kwang-nai and Tsai Ting-kai.

Kwangsi Administration, headed by Li Tsung-jen, Bei Chung-hsi and Li Chi-sum.

Kiangsi Administration (Red Army), headed by Yeh Ting, Ho Lung, Chu Teh, Mao Chi-tung and Peng Teh-hui.

For many months the Canton, Fukien and Kwangsi groups have been closely allied with Gen. Chiang Kai-shek in opposition to the Red group which has had control of a considerable portion of Kiangsi province and smaller sections in various other districts including Hunan, Hupeh and Szechuen. Gen. Chiang's military forces which control northern Kiangsi and are headquartered at Nanchang, the provincial capital, together with the Cantonese forces and the 19th Route Army have maintained an effective blockade against the Red forces which have their headquarters in the vicinity of Juikin a small town in the mountainous section of southern Kiangsi. In order to maintain this blockade and prosecute the anti-red war on an extensive front Gen. Chiang Kai-shek has been compelled to draw heavily on the Nanking treasury which was one of the causes contributing toward the recent resignation of T. V. Soong, Finance Minister which constituted a major political sensation, and which set in mottion other forces causing widespread political unrest. The solid front against the Kiangsi Reds doubtless would have been maintained had it not been for Japanese aggression in north China, plus Japanese intrigue and pressure exerted on Peiping and Nanking. The present situation in north China has been so widely discussed that it is unnecessary to go into it extensively at this time, but Peiping is now controlled by two military commanders who were appointed by Gen. Chiang Kai-shek, one of whom, Gen. Ho Yin-chin has charge of the military and the other, Gen. Huang Fu has charge of the political end. Huang Fu was responsible for the Tangku truce which was signed with the Japanese Kwantung Army on May 31 of this year and also has had charge of the subsequent negotiations with the Japanese military authorities which recently have led to the suspicion that he has entered into secret political agreements amounting to the virtual recognition of the Japanese puppet state of Manchukuo. Recently a well known Japanese political writer quoted Huang Fu (*Japan Advertiser*, Tokyo) as declaring, "China would be ruined if she continued her policy of resistance against Japan....the continuance of such a policy would have ruined both Nanking and Gen. Chiang Kai-shek who are fully occupied with the campaigns against the Communists....last spring Gen. Chiang Kai-shek's position was saved by the Tangku armistice which prevented the Japanese occupation of Peiping and Tientsin for at that time Gen. Chiang was being surrounded by his enemies in Chinese politics....both Nanking and Gen. Chiang have come to appreciate Japan's impartiality in defending the inviolability of the demilitarized zone which has become a bulwark of peace not only between Japan and China but also internally for the Nanking Government against civil war politics in China." Dr. S. Washio, the Japanese writer who attributed this statement to Huang Fu, said further that the present negotiations with Japanese emissaries in north China *were leading to an approach to direct negotiations in which Manchukuo will be virtually recognized.*

It has been this situation in north China, plus Japanese propaganda and the political intrigue of a large number of Japanese diplomatic and military emissaries sent to this country by the Tokyo General Staff that has brought about the present political uncertainty at Nanking and in south China. The *China Times* on Nov. 11 listed the following as evidence of a political shake-up in the Nanking Government: Chiang Kai-shek's visit to Nanking which was following by the immediate resignation of T. V. Soong; Wang Ching-wei's trip to Nanchang to interview Gen. Chiang and the recent political activity of Sun Fo, Li Shih-tseng and Chang Ching-kiang; T. V. Soong's resignation and his reported refusal to proceed to Nanking to assume a position on the executive committee of the National Economic Council; the direct negotiations between Chinese and Japanese military emissaries in Peiping; Wang Ching-wei's appearance before the Legislative Yuan in order to explain the north China diplomatic situation to the members of the legislative branch, and finally, the development of Changchow and Foochow, headquarters of the 19th Route Army, into major political centers. After expressing its lack of knowledge as to what really was going on beneath the surface the *China Times* declared that the nation could not afford to have further internal dissention at this critical time, but instead of cooperating, the country's leaders were indulging in violent disputes among themselves.

In the first place there seems to be in process a general re-shuffling of political cards in all sections. Gen. Chen Chi-tang, head of the Canton administration, recently reorganized his provincial forces by dismissing Gen. Hsiang Hanping, commander of the second army which had been stationed in the East River district along the Kwangtung-Kwangsi border. This immediately led to reports that strained relations had developed between Canton and Kwangsi. Following Gen. Hsiang's dismissal, his troops

were transferred from the East River district to the anti-red front in Kiangsi, while Gen. Teng Lung-kwan, until recently stationed at Shiukuan has been sent to Waichow on the East River district. It will be remembered that Teng Lung-kwang, leader of the Kwangtung Independent Fourth Division, was appointed early this year as the commander of Canton's expedition to north China to assist in the anti-Japanese campaign. But after the signing of the Tangku truce, Gen. Teng's forces were withdrawn from southern Hunan to Shiukwan on the northern Kwangtung border. There was supposed to be some political significance in the dismissal of Gen. Hsiang Han-ping from the command of the Second Kwangtung army because he has been regarded as a close friend and supporter of Hu Han-min who has been opposed to both Gen. Chiang Kai-shek at Nanking and Gen. Chen Chi-tang at Canton.

Immediately following this political shift at Canton reports were circulated that Hu Han-min was planning to leave his political refuge at Hongkong and proceed to Fukien for the purpose of joining the "independence" movement allegedly being fomented by the 19th Route Army. This report is supposed to have been responsible for the rumor that Gen. Chiang Kai-shek and Wang Ching-wei had jointly invited Hu Han-min to return to Nanking. With reference to political developments in Fukien province centering in the 19th Route Army, there have been allegations of an independence movement, an alliance between the 19th Route and the Kiangsi reds and also reports of a possible Kwangsi-Fukien alliance with the object of squeezing Gen. Chen Chi-tang out of Canton first, and then the formation of a south China bloc against the Nanking Government as at present constituted.

It is too early to determine what is likely to develop from these various political movements, but that something is going on which is certain to precipitate another domestic crisis seems fairly certain. According to the report which appeared in Wang Ching-wei's paper, the *Central China Daily News*, it was stated that the leaders of tthe 19th Route Army, Generals Chen Ming-shu, Chiang Kwang-nai and Tsai Ting-kai and the Kwangsi leader Gen. Li Chi-sum had established relations with the so-called "Third Party" which allegedly is the outside political group composed of Madame Sun Yat-sen, Huang Chi-hsiang and Teng Yen-ta who are affiliated with the Communist Party in Kiangsi province and who are advicates of close diplomatic and political relations with the U. S. S. R. According to the report in Wang Ching-wei's paper the plan is to form a "People's Government of the Republic of China," which will be completely independent of Canton and also opposed to the Nanking Government. The development is supposed to be an outgrowth of the refusal of Gen. Chen Chi-tang, controller of Canton, to form an independent administration. A large number of other discordant members of the Kuomintang Central Executive Committee, allegedly have also gone to Foochow to participate in the movement. The linking up of Hu Han-min's name with the movement has, however, aroused considerable skepticism in political circles at Shanghai due to the fact that Hu Han-min always has been affiliated with the extreme right wing of the Kuomintang which has been opposed to any affiliation with radicalist groups either within the party or outside.

What Gen. Chiang Kai-shek's reactions against these reported developments will be is too early to determine. Usually he has been about a dozen leaps ahead of political moves on the part of his adversaries in the Chinese political camp. But this time the situation is more serious because he not only has the Communist war on his hands, but also must bear the stigma of dealing with the Japanese both in north China and on issues affecting the National Government. Japanese propaganda widespread in China alleging that Chiang Kai-shek, Wang Ching-wei and Huang Fu were favorable to a reconciliation with Japan on all fronts has naturally provided potent political ammunition for Chiang's domestic political enemies who are anxious to displace him as the controller of the Nanking Government. All three elements in south China, the 19th Route Army, Canton and Kwangsi, are strongly against compromise with Japan and are convinced that China can break Japan provided the anti-Japanese movement is continued. Japanese trade throughout south China has practically been eliminated due to the stringency of the boycott and propaganda favoring the consumption of native goods, while almost the exact opposite situation prevails in north China where the Japanese have been able to enforce their dominance as a result of the Tangku truce agreement and ensuing pressure on the Chinese authorities at Peiping. While Gen. Huang Fu the head of the political administration in Peiping has always been notoriously pro-Japanese, the same cannot be said of either Gen. Chiang Kai-shek or Wang Ching-wei, both of whom have been compelled to sanction the deal with the Japanese in the north in order to relieve Japanese pressure on that sector while they were continuing the anti-red campaign along the Yangtsze. Had the Tangku truce not been signed and the Japanese had proceeded with their plans to occupy Peiping and Tientsin last spring, this undoubtedly would have caused the collapse of the Nanking Government and possible creation of another Japanese puppet state with its capital in Peiping and extension of direct Japanese military influence to the Yellow River. Recently the Japanese have further embarassed the Nanking Government by circulating reports to the effect that they would be willing to assist Nanking financially in the anti-red war, provided Nanking would ignore the Manchurian issue, call off the anti-Japanese boycott and reduce the tariff duties on Japanese goods. There is a possibility, of course, that the Japanese motive in this regard has been to purposely embarass the Nanking Government as the strongest political grouping in China, but there also seems to be considerable evidence that Japan fears another radicalist movement in China because of the possibility it might precipitate a revolution in Japan due to the critical political and economic crisis prevailing in that country. According to recent reports there are more than 12,000 so-called radicals, including students, teachers, in-

tellectuals and labor leaders now in jail in Japan on charges of harboring "dangerous thoughts," which may mean communism, liberalism or mere opposition to the present military dictatorship in that country.

NANKING CALLS OFF POLITICAL NEGOTIATIONS AT PEIPING

As a result of widespread opposition to Gen. Huang Fu's negotiations with the Japanese at Peiping which were leading in the direction of a virtual recognition of the puppet state of Manchukuo, the National Government, according to authoritative reports has wired both Huang Fu and Ho Yin-chin to discontinue the discussions with the aepresentatives of the Japanese Kwantung army which is in military control of Manchuria. According to reports in the Shanghai newspapers practically every public organization in the city has sent telegrams to the National Government protesting against the negotiations. The Chinese General Chamber of Commerce sent a long telegram to this effect to the Ministry of Foreign Affairs at Nanking on Nov. 9 and the Chinese Bar Association followed with a similar telegram on Nov. 13. The telegram from the Bar Association demanded exact information as to the status of the negotiations while the telegram from the Chamber of Commerce declared that under no circumstances would the Chinese people agree to waive their territorial sovereignty over the three northeastern provinces or Jehol. In addition to these telegrams many other organizations have sent similar telegrams, the Shanghai Chinese Shipping Association urging the immediate discontinuance of all negotiations with the Japanese. The rumors that Nanking also was contemplating a possible reduction of the Chinese tariff on Japanese goods also created a furore in Chinese industrial circles, allegedly resulting in further telegrams of protest which were sent to Gen. Chiang Kai-shek, Wang Ching-wei and Sun Fo.

The *China Press*, usually well-informed on political developments at Nanking, published a report from its correspondent in the National Capital on Nov. 11 stating that strong opposition to direct negotiations had developed in governmental circles. On Nov. 10 Wang Ching-wei head of the Executive Yuan appeared before the Legislative Yuan where he was closely questioned about the import of the Peiping discussions with the Japanese over so-called "local issues." Members of the Legislative Yuan pointed out to Wang that the negotiations over the resumption of direct railway traffic between Peiping-Tientsin and Mukden, resumption of postal services and establishment of customs stations along the Jehol border were incompatible with the spirit of non-recognition of Manchukuo and in transgression of the Tangku truce agreement which was concerned with military matters exclusively. Legislative Yuan members who were particularly outspoken in opposition to the Peiping negotiations included Liu Yu-hsun, Lu Chih-yi, Feng Chao-pi, Sun Wei-tung, Chu Ho-chung, Lo Ting, Low Tung-sun and Chow Wei. In reply to these questions, Mr. Wang declared that the Government would cling to its policy of non-recogntion of Manchukuo and non-violation of China's sovereign rights and will not yield to Japanese pressure under any circumstances. Following the session of the Legislative Yuan, Wang Ching-wei wired to Huang Fu and according to the report Huang Fu replied stating the negotiations had been suspended. However, Gen. Chiang Kai-shek's newspaper, the *Shanghai Morning Post*, reported on Nov. 14 that negotiations still were continuing with the Japanese regarding the establishment of customs stations along the Jehol border. The report stated that customs stations controlled by China would be established at Shanhaikwan, Panchiakou, Chiehlinkou, Yiyuankou, Hsifengkow, Lengkou and Kupeikow and that in future all Manchurian products entering China will be taxed according to the rates levied on Chinese native products based on the theory that Manchuria is still Chinese territory. But Japanese products and the products of other foreign countries entering north China from Manchuria would be forced to pay the regular maritime customs rates. The report then stated that the Japanese authorities (Manchukuo) are also establishing customs stations at Luanping, Pingchuan, Kupeikow, Linyuan and Chifeng on the Jehol border and that all Chinese products entering Manchukuo would pay the rates of the puppet state. The head of the Japanese customs will be in Chengteh, capital of Jehol while the Chinese customs administration will control the Chinese side of the line. Gen. Huang Fu was also quoted in a *Kuomin* dispatch on Nov. 13 denying that Peiping had taken steps to send back to Manchuria a number of Chinese refugees who had come to Peiping from time to time since the original Japanese occupation of that territory in September, 1931. A *Reuter* report from Nanking which was published in the Shanghai papers on Nov. 10 said that the Nanking Central Political Council also had staged a heated discussion over the Peiping negotiations and had adopted the following resolutions:

> 1. Hereafter the fundamental principles of the government's foreign policy must be decided by the Central Political Council and referred to the minister for foreign affairs for execution. It is strictly forbidden for decisions to be made before they have been discussed by the Central Political Council and no longer is the result of negotiations merely to be submitted to the Council for ratification.
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> 2. Concerning Sino-Japanese negotiations, all matters relating to Manchuria should first be discussed and approved by the Council and, in accordance with the Tangku Armistice Agreement, all such negotiations must concern military affairs alone and must not touch upon other issues.
>
> After a heated debate last over three hours, the proposals were adopted. Some members of the Council suggested the immediate suspension of the present negotiations in North China for the resumption of through railway traffic between Peiping and Mukden and other matters, but it was decided to withhold a decision on the point.

In the meantime the horde of Japanese diplomatic and military emissaries which was turned loose on China by the Tokyo General Staff have mostly returned to Japan. Yotaro Sugimura, former Japanese ambassador to the League who was sent to China for the purpose of opposing the American wheat loan and China's employment of League technical experts, departed from Hongkong on Nov. 14, following an interview with Hu Han-min whom Sugimura designated as the "most intelligent man in the

Far East." Sugimura will always be remembered in China for his statement that it was unnecessary for Japan to deal with the Central Government at Nanking because it always was possible for Japan to obtain what she wanted by dealing directly with local officials in the various provinces. Chuichi Ariyoshi, member of the House of Peers and a brother of the Japanese Minister, also returned to Japan on Nov. 13. Major-General Okamura, vice-chief-of-staff of the Kwantung army who arrived in Peiping by airplane directly from Changchun allegedly for the purpose of affixing the seal of the Imperial Japanese Army to the agreements negotiated with Huang Fu, is now in Tientsin and according to report will return to Manchukuo shortly. A *Rengo* report from the Manchukuo capital on Nov. 11 alleged that Sugimura had reached a "complete agreement" with regard to the various questions arising since the Tangku truce agreement had been signed. Iyemasa Tokugawa, Japanese Minister to Canada, who also has been "inspecting" conditions in China, after making his report on the situation sailed for Canada on Nov. 14. Mr. Ariyoshi, Japanese Minister to China, who also has been in north China, is scheduled to return to Shanghai on Nov. 20 and shortly thereafter will proceed to Tokyo to make a report. The only other Japanese emissary of prominence now in China is Jigoro Kano, member of the House of Peers, who is in Shanghai allegedly for the purpose of lecturing on the "science of Juijitsu" or Japanese style of wrestling.

Government Troops Continue to Repress Reds in Eastern Kiangsi

Eight severe battles were fought in the course of three days between the Government troops and the "Reds" near Lichuan, Tsukichiao and Kinki, eastern Kiangsi, during the week. Notwithstanding the concentrated attacks of the outlaws, the Government troops succeeded in repulsing and routing them. Heavy casualties were inflicted on the brigands.

A large number of wounded have been arriving at Nanchang every day recently. Many public buildings, such as temples and guilds, have been converted into temporary hospitals to accommodate the growing number of wounded, who are being attended by government doctors and Red Cross groups from Nanking and local missionary physicians. Specially organized Red Cross corps are attending to emergency cases in the fighting zone.

General Tsai Ting-kai, Director of the Foochow Pacification Headquarters, reached Chuanchow, eastern Fukien, from Changchow, Nov. 8 where he conferred with General Weng Chao-yuan (Oong Chao-huan), Bandit-suppression Commissioner for the Hinghua-Chuanchow-Yungchun Area.

In response to an invitation of General Chiang Kai-shek, a group of experts of the National Economic Council proceeded to Nanchang, provincial capital of Kiangsi, Nov. 11 by airplane. Mei I-chen, expert attached to the Council, left for the same destination by boat. Interviewed prior to his departure, Mr. Mei said that the experts of the Council will conduct various investigations in Nanchang and other parts of Kiangsi with a view to alleviating the plight of the people and rehabilitating the bandit-ravaged areas.

Chenchiachiao, a town near Nantungchow was thoroughly ransacked by a gang of bandits late on the night of Nov. 11. The local militia stationed there were completely disarmed before the looting started.

General Chiang Kai-shek is reported to have offered a reward of $20 to every Communist soldier who surrenders with his rifle.

Communists Massacre Many Thousands

Over 20,000 persons, including women and children-in-arms, were massacred by the Communists under Ho Lung in the drive which won them possession of Hsuiting, Hsuinhan, Wanyuan and Chenkou, according to Chinese reports received in Kiukiang recently.

General Liu Hsiang, recently appointed commander-in-chief of the anti-Communist armies in Szechuen, has completed the mobilisation of his forces, which will advance against the Reds in six columns and attempt to recapture the four towns. An orgy of looting and plunder followed the Red victories; in Hsiuting alone the invaders seizing one million dollars in cash, 20,000 rifles and 10,000,000 rounds of ammunition.

The partition of Szechuen by seven powerful warlords and the lack of co-operation between them were characterised as the main causes of the Red penetration into that province by Mo Huang-chang, a member of the South-west Political Council, in an interview at Canton, Nov. 10.

According to reports from military circles, the band of Communists under Ho Lung have been completely routed by the Government troops in Northwestern Hupeh.

The rout of five divisions of Communist troops in a sanguinary encounter at Hsuwan, near Fuchow, is reported in official despatches reaching the Generalissimo's headquarters at Nanking. The battle, which lasted all through Sunday night, cost the lives of 3,000 Communists, while a large number of others were left wounded on the field. In addition the government troops captured 800 rifles.

Recapture of Suiting is Confirmed

The recapture of Suiting, important city in eastern Szechuen (about 60 miles northwest of Wanhsien,) was confirmed in an official telegram from Wanhsien to the Military Affairs Commission Nov. 12.

Marching from Mukuaipu, 10 miles south of Suiting, the 5th Route Army (of the Szechuen bandit-suppression forces) commanded by Generals Wang Ling-chi and Fan Shao-tseng, launched a heavy attack on the "Reds" at Suiting Nov. 8. After occupying Sanchingshih, Paotingchai and Chutungpu, the Szechuen units were temporarily checked by three regiments of "Reds" at Chikungliang. The Government troops, however, pressed hard on the outlaws and forced the latter eventually to abandon Chikungliang and retreat to the vicinity of the walled city.

General Wang Ling-chi, Field-Commander of the 5th Route Army, who was ordered by General Liu Hsiang, Commander-in-Chief of the Szechuen Bandit-suppression forces to recapture Suiting, strategic city about 60 miles north-west of Wanhsien, has routed the main forces of the "Reds" at Shihfantien, 17 miles south of Suiting. The victorious army is stated to be advancing northwards to Mukuaipu and Leiyingpu, suburbs of Suiting.

Desperate fighting is proceeding progress between Suiting and Hsuanhan between the Communists and the troops under Generals Wang Lin-chi and Fang Shao-chen.

The Communist advance threatens traffic on the Yangtsze, according to reports from Szechuen, which state that the Red armies are converging on Kaihsien, north of Wanhsien.

The Szechuen provincial troops under General Yang Sen recaptured Yinshan Nov. 12 from the Communists after a serious engagement. However, the "Soviet Government" at Yinshan, which is established in the outskirts of the city, is still functioning as the provincial troops have been held back from that centre by the vigorous defense put up by the Reds.

Szechuen to Develop Petroleum Industry

The Ministry of Industry has drawn up a four-year plan for the development of petroleum at Tzeliuchin, in Szechuen. It is said that if the scheme is a success, Szechuen will yield at least 30,000,000 gallons of gasoline annually. The cost for the development is roughly estimated at $11,510,000, mainly required for the construction of roads from the petroleum centers.

General Liu Hsiang, Commander-in-Chief of the Anti-Communist Suppression Army, has ordered more troops to the northern front to assist in the campaign against the Communists.

The Probable Future Course of the American Dollar

ALTHOUGH the American Government, as represented by the Roosevelt Administration, has at no time given any definite indication as to what its future monetary policy will be, one is able to figure out a workable hypothesis from the current trend of events. For the past few weeks the American government has commenced a series of gold-buying operations in foreign countries, with the consequent result that the price of gold is gradually rising, that is, in terms of American paper money. The correct way of describing the situation, however, is (as gold should be the basis), that it is really the paper dollar that is depreciating. That such is actually the case is evident from the fact that the value of the American dollar in foreign currencies, including even the Japanese, has been declining considerably during the past few weeks; also in relation to the British pound, (itself greatly depreciated as a result of going off the gold standard), so that an English Pound today is worth more than five U. S. dollars. It may seem a strange thing to the world in general that the American government, which already has such a huge hoard of gold that it is almost the case that America has a "corner" on the yellow metal—and as a result of which prices of commodities figured in terms of gold have touched very low levels—should go out and buy still more gold. It is important, in order to visualize the situation, to remember in this connection that it is the opinion of eminent economists—including E. W. Kemmerer, who headed the America commission of financial experts to China in 1929—that it was not necessary for the United States to go off the gold standard, and that it was, as a matter of fact, a mistake to have done so. Such is probably the case, but had the American government not gone off the gold standard there would have been an undoubted drain on the American gold reserve, possibly to such an extent as to endanger the stability of the reserve—in which case America would in the end have had to go off the gold standard at any rate—with the added disadvantage, as compared with the present situation, that America would have lost its advantageous position as a holder (or hoarder, if your like) of gold.

As mentioned above, the result of buying gold abroad is to depreciate the value of the paper dollar. An important thing to remember is that the object of going off the gold standard and to inflate the currency is to help the debtor class and lift off some of the load on their backs, at the expense of the creditors. At the present rate of exchange, debtors—and, remember that in this category the American government itself looms up largely—have been relieved of their burdens to the extent of about 35 per cent. In proportion as the American paper dollar drops in value as a result of purchases, the value of gold goes up, that is, apparently, as reckoned in U. S. currency; and it is this feature of the situation that tends to defeat the objects of inflation—namely to help the debtor class—in so far as gold is held by private individuals. It is for this reason that the government is using every sort of pressure,—intimidation, third-degree inquisitorial methods—with the object of forcing, scaring or cajoling the holders of gold to loosen their grip, thereby causing them to lose the advantage that they gained by having the foresight to get hold of gold when the getting was still good. Such action on the part of the U. S. Government is unprecedented and F. B. Campbell, a New York lawyer, has defied the Government to take his gold from him in a test action, which will eventually reach the Supreme Court. As the New York *Times* stated in a recent editorial, "Throughout past history the laying aside of gold, often in small amounts, has on such occasions been the private citizen's one recourse to save something from the wreck."

The next step in this discussion is to bear in mind the fact that immediately upon Roosevelt taking over the Presidency, Congress gave him the important power of cutting the value of the gold dollar in half. This power the President has so far not exercised, but there is every indication that he eventually will. The probabilities are that the American government will keep up its purchases abroad until the value of American currency has depreciated by *fifty* per cent. President Roosevelt will, naturally, exercise his power of cutting the value of the gold dollar in half when the depreciation of the American paper dollar has reached the rate of two paper dollars for one gold dollar, as the result of these purchases of gold abroad. These purchases will have so added to the country's stock of gold that America will then be in a position to try the experiment of going back on the gold standard, but not on the old basis. When the two-to-one era arrives, that will be the psychological moment for the President to exercise the power which has been delegated to him and cut the gold dollar in half—the country going back on the gold standard simultaneously, which means that the public can draw gold in exchange for paper if it so desires. This gradual leading up to the emasculation of the gold dollar will avoid a panic such as would likely result from a precipitate use of the delegated gold-dollar-devaluation power. By the procedure as visualized in this hypothesis the American government will say to every holder of a ten dollar bill, "You can have gold for your paper from the U. S. Treasury any time you like, but for each two paper dollars you will only receive the equivalent of one old-style gold dollar, that is for the ten dollars in paper you will receive a five-dollar gold piece"—which may, or may not, be reminted by the government at the new half-price (or double-price, depending on how you view it) valuation. By this procedure America will have acquired such a reserve of gold that, with the damper that will be put on the desire to withdraw as the result of the cut in value, the government will feel itself in a position to stand the strain of a "run"—no matter how great its proportions. The net result will be—if this hypothesis is correct—that when the American government goes back on the gold standard it will only devaluate the dollar by half. When France carried out a similar operation some years back she reduced the gold content of the franc from an equivalent of U. S. $0.192 to U.S.$0.0392. In other words French creditors found that between four-fifths or five-sixths of their hold on the debtors had disappeared. American creditors, by comparison, will get off lucky—they will be mulcted by only one-half.

G. W. M.

Japanese Banks Find Difficulty in Disposing of Securities

JAPANESE political circles continue to be torn between the insistent demand of the Army and Navy authorities for increased appropriations and the almost equally insistent demand of the other departments of the Cabinet to call a halt. Recent messages from Tokyo indicated that with the growing possibility that the Finance authorities might propose a drastic cut in the appropriations for the Army and Navy in the next fiscal year's budget, a serious clash of views, endangering the very basis of the existing Cabinet would probably sooner or later take place between the Finance officials, on the one hand, and the Army and Navy authorities, on the other.

Premier Viscount Saito is stated to be seriously concerned as to the future and will assume the role of conciliator between the two opposing factions in the Cabinet with a view to preventing a rupture. Finance Minister Takahashi's final pronouncement toward the army and navy budget appropriations, as demanded by the military authorities, is awaited with trepidation in Army and Navy circles. In face of persistent rumors to the effect that the financial authorities propose to make a big cut in the appropriations for the Navy, Naval quarters are desperately carrying on a campaign advocating the fulfilment of the so-called second naval replenishment program at all costs. Rear-Admiral Hibino, Captain Sekine and other leading naval spokesmen are now engaged in a nation-wide lecture campaign in order to arouse public interest in the Navy, with a view to securing public support for the Naval appropriations.

The future course of political events Japan will probably depend a great deal upon how far the Government will accede to the strong national defence policy which was formulated by General Araki, Minister for War, at the recent conference of five Ministers, and to tho same Minister's plans of drastic reform in domestic administration; and also upon how the new Budget, in which war expenditure is predominant, will be framed. The gist of the national policy proposed by War Minister General Araki at the Five Ministers' Conference last month to meet the serious situation was that:—Japan must be prepared for any possible pressure from the Powers in the execution of its Far Eastern policy, which is centered on its recognition of Manchukuo, keeping in view the crisis which may result concerning the question of the mandatory of the South Sea Islands, and the critical situation which may be brought about with the expiration of the London and the Washington Naval Treaties. In order to cope with the critical situation the entire nation must be mobilized to make concerted efforts, urged General Araki, who said the Powers are cautiously watching the situation in Japan, seeking an opportunity to act if the country shows signs of fatigue or if social unrest spreads in the country. In the event national strength declines, a most serious crisis will come the War Minister argued; therefore eradication of social unrest is imperative, and in order to eradicate the unrest the questions of agricultural villages, thought and education must be satisfactorily solved. The War Minister urged that the land and air forces should be augmented. Soviet Russia has in its Far Eastern territory nine infantry divisions, two cavalry divisions, about 300 army planes, including scores of heavy bombers, about 300 tanks, and a well armed corps is to be organized by 1936. Recently Soviet Russia has completed the doubling of the tracks of the Siberian Railway. Neither has abandoned its policy of resisting Japan, and is readjusting its army, and with this state of affairs confronting Japan, War Minister Araki urged that the national defense should be made strong.

War Minister Araki's suggestions have been generally coldly received by his civilian colleagues and there was a time last week when it appeared that a Cabinet crisis would result.

A meeting of six Ministers of State followed the "Five-Minister" conference which last month brought a shapr clash between the military (and naval) and civilian sides of the Cabinet.

General Araki, Minister of War, after denying rumors that he intended to resign, in a recent interview said he is particularly apprehensive of Japan's relations with Soviet Russia. In his personal opinion, he does not believe in more intimate relationship than at present being forged with that country, as it may tend to reduce Japan to a sorry plight. In his opinion Japan should not venture on the conclusion of a non-aggression treaty with Soviet Russia, unless after its merits and demerits have been most carefully weighed; otherwise, she might be merely playing into the hands of that country.

Japanese Naval Authorities Pin Faith on Submarines

An official denial was issued in Tokyo, Nov. 1, by the Japanese naval authorities regarding a statement made in the London *Daily Telegraph*, in which the paper's naval correspondent, Mr. Bywaters, published as a reliable report that Japan is ready to scrap all her submarines provided other powers follow suit and that aircraft-carriers are also abolished. This is a gross misunderstanding, the Japanese naval authorities stated; Japan had expressed opposition to the total abolition of submarines, as these do not constitute any aggressive element themselves, but, on the contrary they constitute purely a defensive element and are indispensable to the defense of a country with weaker naval strength.

Banks Try to Unload Securities on Public

The Japanese banks are making strenuous efforts at present to dispose of their accumulated holdings of securities in order to obtain working funds in view of the recent tightnesss of the money market. Although the Postal Insurance Bureau and the syndicate banks in Osaka have just agreed to take over Yen 65,137,400 worth of the new Osaka Municipal bonds, it does not at all guarantee the improvement of the bond market. These, together with the expected issuance of Yen 20,000,000 worth of new debentures by the Kanegafuchi Cotton Spinning Company, are taken over by banks under special circumstances. The bond market remains stagnant because of too many issues during the past several months and the consequent "fed up" condition.

Japan's national debts may soon reach the figure of Yen 8,000,000,000. Their total has already exceeded Yen 7,800,000,000. At the end of September, the balance stood at Yen 7,405,700,000.

During October, in connection with the purchase of private railways by the Department of Railways, some Yen 2,190,000 was paid in bonds. Then came the new bond issue of Yen 400,000,000. This has brought the total to Yen 7,707,980,000, the highest ever recorded. This month the Government will pay, in new bonds, Yen 4,000,000 under the silk indemnification scheme, Yen 2,000,000 to Yen 3,000,000 for the purchase of private railways, and Yen 10,000,000 to the Industrial Bank of Japan as an exchange difference for a foreign loan to be repaid. By the end of the year, therefore, the loan issue will reach Yen 7,820,000,000.

The Department of Finance has now made public the details of the new Yen 400,000,000 Treasury bonds, comprising three items. The larger portion is required for making good the revenue deficit. For that purpose, Yen 371,838,000 is earmarked. A sum of Yen 15,000,000 will be used for enterprises in Korea. The remaining Yen 13,162,000 is for repayment of the old Korean loan. The last named is a Sterling loan, amounting to £1,035,300 raised by the old Korean administration through the Industrial Bank of Japan, and which falls due for repayment on December 1. As this loan has since been taken over by the Government, the Bank will receive its repayment from the State treasury.

Despite the announcement by Mr. Hijikata, Governor of the Bank of Japan, of the Bank's readiness to sell the new "ro" bonds, the market has so far failed to respond.

As part of the Yen 1,000,000.000 loan program for the current fiscal year, the Department of Finance issued Yen 400,000,000 in four percent Treasury bonds. Of this total, Yen 100,000,000 worth was taken over by the Deposits Bureau, the remainder being underwritten by the Bank of Japan.

According to the accounts of the Bank of Japan brought forward to October 31, the bank notes in circulation totalled Yen 1,220.915,000, showing a sharp increase of Yen 46.652,000, compared with the previous day. Bank notes in circulation increased to the Yen 1,200.000 000 level for the first time since August, indicating a possibility of further expansion in accordance with the Government's inflation program.

The Japanese Ministry of Finance has decided to raise the Japanese official price for gold. In view of the frequent fluctuations in U.S. currency it has also been officially decided to follow the standard of English sterling in future instead of the U. S. standard.

Mr. Nakajima, Minister of Commerce, is contemplating the introduction of a law for regulating Japanese foreign trade at the next session of the Diet so as to counteract measures taken by foreign countries in view of Japan's cheap prices.

An economic system based on the "kingly way" is the latest idea evolved by Fusanosuke Kuhara, formerly Minister of Communications and an influential member of the Seiyukai, the largest political party in the Japanese House of Representatives. for the breaking of the national emergency. The new theory as expounded by Mr. Kuhara is said to be a new economic principle by which the economic relations of Japan with other foreign nations will be promoted.

A round-table talk which has been promoted by Mr. Yamasaki of the Seiyukai party and Dr. Oshima, was held in Tokyo Nov. 9 at which were present influential scholars and politicians, including Dr. Royama, Hijikata, and Dr. Ohshima of the Tokyo Imperial University and Messrs. Tawara. Yamaguchi. Kawakami, and Mr. Maeda. The aim of the round-table talk was to discuss various matters having connection with the political and economic system and society in general.

On the occasion of the tenth anniversary Nov. 10 of the promulgation of the Imperial Rescript just after the great earthquake and fire of 1923. the Japanese Emperor made a donation of Yen 200.000 for the encouragement of social education throughout the land.

A movement for the abolition of the office of Lord Keeper of the Privy Seal, at present held by Count Nobuaki Makino, is said by the *Kokumin Shimbun* to have been started recently by Mitsuaki Tanaka, Minister of the Imperial Household during the reign of the Emperor Meiji, who has been living in retirement at his villa in the town of Kambara, Kamakuragun, Shizuoka, since he renounced his title of count some time ago. Mr. Tanaka is stated to have been taking a keen interest in the developments of the reactionary outburst of May 15 1932. Naval officers and military cadets brought to trial for the May 15 disorders said on the witness stand that they objected to the advice on national affairs given the Emperor by the Lord Keeper of the Privy Seal. Mr. Tanaka is said by the *Kokumin* to be sympathetic toward the army and navy men implicated in the outbreak, and is stated to have sent letters to the defendants, encouraging them to fortitude in their present plight.

Sentences Imposed on Naval Culprits of May 15 Affair

Sentences were imposed at Yokosuka, Nov. 9 by the Court Martial of the Yokosuka Naval Base on the ten naval members who were involved in the May 15 affair, of last year, which led to death the then Premier Inukai and created terror in the capital. All of the defendants were charged with open revolt. The leaders of the conspiracy, Sub-lieutenant Kiyoshi Koga and Taku Mikami, were sentenced to 15 years' imprisonment, while Second sub-lieutenant Isamu Kuroiwa was given 13 years' imprisonment. Various other sentences from 2 to 10 years were imposed.

Sentence of two years' imprisonment was passed Nov. 2 at the Tokyo District Court on Kinnosuke Otsuka, former professor of the Tokyo Commercial College, who had been charged with communistic activity. In view of his promise to abstain from publication of any literature of a communistic nature, Mr. Otsuka was granted stay of execution, and has been released from the Ichigaya Prison.

Punishment of 17 Tokyo Imperial University students for taking a leading part in demonstrations staged on June 17 and June 21 against the dismissal of Professor Yukitatsu Takikawa of the Kyoto Imperial University, was decided upon Oct. 31 at a meting of senior professors and directors of the Tokyo university. One law student and eight literature students will be forbidden to attend classes indefinitely, while one student each of the law and engineering colleges and six economic students will be suspended from school during the present term. A total of 60 students have been investigated in connection with the demonstration.

To prevent the permeation of Leftist ideas into educational circles, the Education Department has circulated to all prefectures throughout the country its desire to have a standing commission for the prevention of such ideas formed prefecturally.

The ban was lifted recently by the police on the news of extensive raids made last April on the quarters of Communist agitators in the cities of Sapporo and Hakodate, Hokkaido. A total of 103 suspects were arrested, of which, since then, 34 have been indicted, 13 reserved for indictment and seven acquitted. Preliminary examination of the accused was complete recently by the district courts of Sapporo and Hakodate.

As a sequel to the arrests recently of three Koreans by the Tokyo police on a charge of being engaged in the drug traffic, it has been revealed that a Chinese cook of the dormitory of the Seijo Gakuin of Chitosemura, a suburb of Tokyo, was their chief customer, and it has been also revealed that he had disposed of opium which he obtained from the three Koreans, to the students in the school. The Koreans have confessed guilty to obtaining opium for the purpose of sale, from Koreans in Saghalien.

Tokyo Foreign Office Says S. M. R. Reorganization Can Wait

The Tokyo Foreign Office authorities, which had been keeping silent against the plan for the reorganization of South Manchuria Railway Co., for the first time expressed their views on the question Nov. 11, when they said that it would seem premature to consider such reorganization. According to them, it is not advisable to break up the S. M. R's already acquired rights in Manchuria, as such act would easily become a factor in causing foreign countries to misunderstand the true motive of the proposal. On the other hand, it is understood that, having arrived at a decision on concrete measures for S. M. R. reorganization, official negotiations are expected to be opened between the War Office and the Ministry of Overseas Affairs.

Lieutenant General Kuniaki Koiso, Chief of Staff of the Japanese Kwantung Army who was to have left Changchun, capital of Manchukuo, Nov. 13. to confer with the central government in Tokyo regarding the projected reorganization of the South Manchuria Railway Company which was originally suggested by the Special Service Section of the Kwantung Army Headquarters, has postponed his departure to Tokyo. It is believed that the sudden change in General Koiso's plan is attributable to the fact that the original plan had been made public before agreement could be reached between the Kwantung Army and the authorities concerned, and this has brought forth a strong movement opposing the Army's plan.

Kwantung to Have Separate Provincial Government?

The Kwantung Government has put forth a proposal for the creation of an Embassy to the Government of Manchukuo, with the Kwangtung Leased Territory and the South Manchuria Railway zone united under the style of a provincial government with the seat of government at Dairen. Under the new proposals, which form part of the plan for the unification of Japanese administrative organs in Manchuria and which will be submitted to Tokyo soon, the provincial government would have control of the Ambassador and the civil governor, who would be appointed by the Japanese Government, but the handling of diplomatic affairs and the supervision of consulates, the S. M. R., and the telegraph and telephone company would be left to the government's War Ministry. This new plan of the Kwantung Government is a counter-proposal to the Kwantung Army's radical plans to create a general staff out of the army's special service department and to decentralize the South Manchuria Railway Company.

Autonomous Inner Mongolia Would Lead to Separatist Movement

BY HUANG CHING-SHU (黃慶緒)

THE recent agitation for autonomy in Inner Mongolia is gaining greater momentum day after day. Those who have followed the newspaper reports closely during the last several days will instantly realize that the movement led by a few of the Mongolian Princes in demanding from the Central authorities in Nanking the right of self-government has proceeded further than what they had actually asked for at first. Latest telegraphic advices from Inner Mongolia reported, however, that a group of the Mongolian Princes and leaders had just completed preparations for the establishment of an autonomous government at Tienchih (Pool of Heaven), a town about 160 li north of Kweihua, the capital of Suiyuan Province, where the Government Commission headed by General Huang Shao-hsiung is making its temporary headquarters.

Contrary to general expectations, the autonomous agitation recently staged in the frontier provinces of China's Northwest is not so simple as an outspoken expression of the people's desire for large measures of self-government in their respective local areas. Obviously they want independence. Unless some definite measures can be formulated by the responsible authorities to avert the crisis, recent developments in Inner Mongolia would possibly lead to a separatist movement from China Proper, the consequence of which will undoubtedly be detrimental to the unification of the Republic.

Shortly after the announcement from Nanking that the Central Government would send a Commission to investigate conditions in Inner Mongolia, a high government official in Peiping, during an interview with press representatives there, intimated that the recent autonomous agitation in Inner Mongolia is by no means the beginning of the dangerous situation in China's Northwest. It is the culmination of a series of intrigues of certain people to grab the entire territory from Chinese rule. He further pointed out that already half of the land composing what is called Inner Mongolia is in the hands of Japanese troops. The recent agitation is merely the work of the expansionists who plot to take away even the remaining half of the territory from the Chinese.

While the above statement may represent only the viewpoint of the alarmists who forsee the possible danger of further complications in the present trouble, the repeated statements of the representatives of the Mongolian Princes as well as the declarations of the Mongolian residents in Peiping regarding their movement at home are particularly of interest to us. Practically nine out of ten cases, these Mongolians assured the public that their autonomous movement aims merely at an early realization of self-determination in the respective Leagues, and that they cherish no intention of separating Mongolia from the Republic of China. They even went so far as to assert that in the autonomous movement the Mongolian people have regarded the *San Min Chu I* as the only method to save themselves.

Prior to the departure for Kalgan of the Government Commission, a delegation of the Mongolian residents in Peiping called on General Huang Shao-hsiung, Minister of Internal Affairs, who is also head of the mission, and presented to him a memorial, in which both the mal-administration of the local government and the lamaistic influences were severely accused. With regard to the causes for the autonomous agitation, the memorial gave the following:

(1). The intolerable oppression of the Mongolian people by the Provincial and District Governments.

(2). The subjugation of the eastern three Leagues of Inner Mongolia by the Japanese.

(3). The sovietization of Outer Mongolia by Russians.

The memorial further demanded that for the above mentioned reasons they refuse to postpone the date for self-determination in accord with the doctrines of the late Dr. Sun Yat-sen.

It may be noted in this connection that this delegation of Mongolian residents in Peiping represents a group of the so-called "Young Mongols" who have often been characterized for their zeal of nationalism. They oppose on the one hand any attempt of the Chinese to colonize their land, while on the other they react vigorously against the excessive power concentrated in the hands of the princes and lamas. These Mongolians who are young and had opportunities to pursue advanced studies in various cities in China, especially Peiping, have always entertained the hope of having a share of administration in the Leagues to which they belong. Perhaps their desire to overthrow the mis-rule of local princes is genuine. Perhaps they are utilized, so to speak, by other groups of people to arouse the interest and support of the younger blood. But in the final analysis, their attempt to do away with the princely rule will be fatal, in view of the fact that the Mongolians, as a nomadic people, are deeply rooted to this sort of political life.

As early as at the beginning of last September, information from Inner Mongolia has already indicated the emergence of a movement instigated by Prince Teh (Teh Wang), who demanded political autonomy from the Nanking Government. Prince Teh, who is a man 33 years old, is described by those who have seen him as a man of ambition and vigor. He is the Vice-Chief of the Silingol League, the only remaining League in Eastern Inner Mongolia whose territory has not been taken by the Japanese military. Prince Teh had long hoped to consolidate his League with the Ulan-Tsab and the Iehedzu Leagues in Western Inner Mongolia whose territories comprise the major portion of Suiyuan Province, in order to establish a strong self-government there.

The aerial trip of seven Mongolian Princes to Changchun, capital of the puppet Manchukuo, sometime last spring, aroused suspicion in Chinese circles regarding the ultimate purpose and the possible outcome of such a journey. Many believed that after having completed their framework for the subjugation of Manchuria, the Japanese have now come to start work on their design in Mongolia. The telegraphic petition of Prince Teh to Nanking in the middle of last September demanding political autonomy had the undeniable effect of intensifying the suspicions of the public. The leading newspapers in North China immediately voiced indignation against such a move. It was primarily this unfavorable reaction that actually caused the postponement of the proposed convention of the Mongolian Princes originally scheduled to take place in a temple in the Ulan-Tsab League on September 28.

Realizing that the attempt of Prince Teh might prove to be too radical and that independence from Nanking might procure adverse repercussions rather than beneficial results, a group of the elder Princes in Inner Mongolia finally withdrew their support after the proposed convention was called off. In order to explain their case, several representatives were sent to Peiping to confer with government officials, assuring them that the Mongolian Princes want only self-governing rights in their domestic affairs, and leaving political as well as diplomatic matters to the discretion of the Nanking Government. It was only after repeated assurances that the Government Commission headed by General Huang Shao-hsiung finally decided to proceed to Kweihua.

Basing our knowledge on the above stated facts, it can readily be seen that aside from the ever threatening influence from outside, Inner Mongolia is itself experiencing a strggle between the new and the old elements whose ideas and aspirations are so divergent that further struggles are bound to result unless some other

measures can be devised to neutralize them. Developments in Inner Mongolia during the last few years point to the fact that the new elements as represented by Prince Teh and other younger rulers are gaining considerable force in their agitation against the old rule, whose characteristics have been the luxurious enjoyment of life of the chieftains and their indifference toward the welfare of the people.

For this reason, many of the young Mongols who have returned after having spent some years in China and other places have often expressed discontent toward their home government. Some of them have even gone to the extreme of believing in the union between Inner and Outer Mongolia. The traditional neglect on the part of the Chinese authorities to pay proper attention to matters concerning the frontier provinces has also accelerated the tendency of the Mongols to gradually drift away from the Chinese.

In reviewing the recent happenings in Inner Mongolia, a glance at the map is perhaps useful for the purpose. A student of history would probably be startled for his inability to find the name Inner Mongolia in an ordinary map. The reason for the absence of the name in the map is due to the fact that Inner Mongolia is not a province, like that of Shansi or Hopei; it is a federation of the various tribes and Banners whose territories extend from Liaoning and Heilungkiang in Manchuria to Jehol, Chahar, Suiyuan and Ninghsia Provinces. There are altogether six major Leagues in Inner Mongolia, namely the Djerim (哲里木盟), Djosotu, (卓索圖盟), Djouta (昭烏達盟), Silingol (錫林郭勒盟) Ulan-Tsab (烏蘭察布盟) and Lehedzu Leagues (伊克昭盟). The four first-named Leagues comprise the land what is commonly known as Eastern Inner Mongolia, while the other two constitute the area known as Western Inner Mongolia.

Since their occupation of Manchuria, the Japanese troops have taken the greater portion of land in Eastern Inner Mongolia; that is those areas in Liaoning and Heilungkiang. The only remaining region in Eastern Inner Mongolia that has not been taken by the Japanese is the Silingol League, which occupies a long strip of land north of Chahar Province. In other words, Japan has already conquered half of the land in Inner Mongolia, with the apparent outcome that even its nominal federation is being threatened and the other remaining territories are subject to invasion at any given time. In spite of repeated assurances of the Mongols themselves that the present autonomous movement is self-motivated, the fact that Japan will keep a close watch and entertain a deep interest in the future developments in this part of the world is beyond doubt.

Now the question is this: If the Mongolians themselves really want self-government to strengthen their power against foreign aggression, how can they, with such a torn and disabled state, withstand the Japanese who have always desired their membership to be included with the Rising Sun? If, on the other hand, they are afraid of foreign aggression, why are they in such a hurry to establish self-government, which, in the military sense, would probably amount to nothing for them to achieve the desired end? Problems pertaining to improvement of internal conditions are still more pressing for the Mongols to tackle. Would it then be advisable for the Mongols to seek material assistance, financial or otherwise, from the Chinese authorities, in order to reorganize and improve their domestic conditions before attending to the avowed task of resisting foreign oppression? These and other questions are pertinent for those interested to think about when they want to discuss the origin and background of the recent trouble in China's nortwestern frontiers.

It is gratifying for us to learn in this connection that the seriousness of the present situation has at last attracted the concern of the Central authorities at Nanking. For the members of the Government Commission of Goodwill and Investigation to Inner Mongolia have started to make preliminary surveys of the local conditions at Peilingmiao where the Mongol Princes had held a conference to discuss autonomous measures recently. Meanwhile, General Huang Shao-hsiung and Chao Pi-lien, chairman and vice-chairman of the mission respectively, are still lingering at Kweihua. They hesitate to proceed to Peilingmiao, in view of the fact that the trip might not prove advantageous if they cannot have the situation well in hand. The present political horizon in North China with reference to the Mongolian Question has been rendered somewhat colorful with the recent arrival of a group of high government officials from Nanking; these included Mr. Enkehbatu, Pei Yun-te, Mongolian members of the Central Executive Committee of the Kuomintang; Pei Jui, Mongolian member of the Control Yuan; General Keh Ching-en, representative of the Ministry of Military Affairs, and several others, whose visit is apparently for the purpose of seeking an amicable understanding with the Mongolian dignitaries to soothe the present agitation.

With the recent assembly of Chinese government officials at Kweihua, it is generally expected that an agreement may be reached between the authorities in Suiyuan and Chahar Provinces and the Mongolians concerning the autonomous measures which the lattter demand. Nevertheless, the ultimate outcome of the present negotiations is quite worthy of our attention, because whatever might turn out, future affairs in Inner Mongolia are bound to have a far-reaching repercussion in China Proper.

Tientsin, Nov. 6, 1933.

Central Military Academy Plane Formally Named "Whampoa No. 1"

The airplane *Whampoa No. 1*, purchased with funds donated by the faculty and student body of the Central Military Academy, was formally named by Miss Chang Su-wo, a daughter of General Chang Chih-chung, at an elaborate ceremony held in Nanking Nov 12. The ceremony was opened with a review of the cadets of the Central Military Academy and an infantry battalion and an artillery company of the 88th Division. Presidents Wang Ching-wei, Chu Cheng, Generals Chu Pei-te, Chang Chih-chung, and Hsu Pei-ken inspected the cadets and troops during the review, which was witnessed by thousands of spectators. Following the military review, General Chang Chih-chung, Dean of the Academy, who presided over the ceremonies, delivered an address on the significance of the occasion. Shao Yuan-chung followed with an address in which he stressed the importance of science in modern warfare.

President Sun Fo, spoke on the urgent need of strengthening the air defences. General Chang Chih-chung read a brief note, on behalf of the faculty and student body of Central Military Academy, announcing the presentation of the airplane to the Government. In reply President Wang Ching-wei, on behalf of the National Government, handed over to General Chang, a Mandate of the National Government commending the patriotism of the donors.

Cantonese Avid for Aviation Progress

The movement for "national salvation through aviation" is still going strong in Canton, the latest step being the formation of "ten-men groups" to solicit contributions. The movement is receiving enthusiastic support from the local press, which declares that Canton should take the lead in the development of aviation.

The steady extension of the air wing of the 19th Route Army, at present stationed in Fukien, is reported in Chinese dispatches received. With airplanes purchased with funds contributed by Overseas Chinese, two air squadrons have been organized with headquarters at Lungyen and Yenping. The air wing of the 19th Army rendered valuable service during the recent fighting against the Communists in West Fukien.

The Nanking Government is drawing up measures for the purchase of airplanes with the proceeds from the sale of State Lottery tickets.

Three of the eighteen planes bought from America by the Ministry of War, are shortly expected to fly to Hankow from Shanghai. These machines were purchased by funds raised by the employees of the Ping-Han Railway Administration, which reached a sum of $220,000.

Four Chinese army fliers were killed Nov. 9 in an air disaster at Meihsien, where the Fifth Squadron of the Canton Air Force are stationed in connection with bandit suppression work.

Thirty-six military planes from Hangchow took part in aeriel stunts for fully two hours, Nov 12. The exhibition, which was witnessed by an immense throng, ranged from formation flights to parachute jumping.

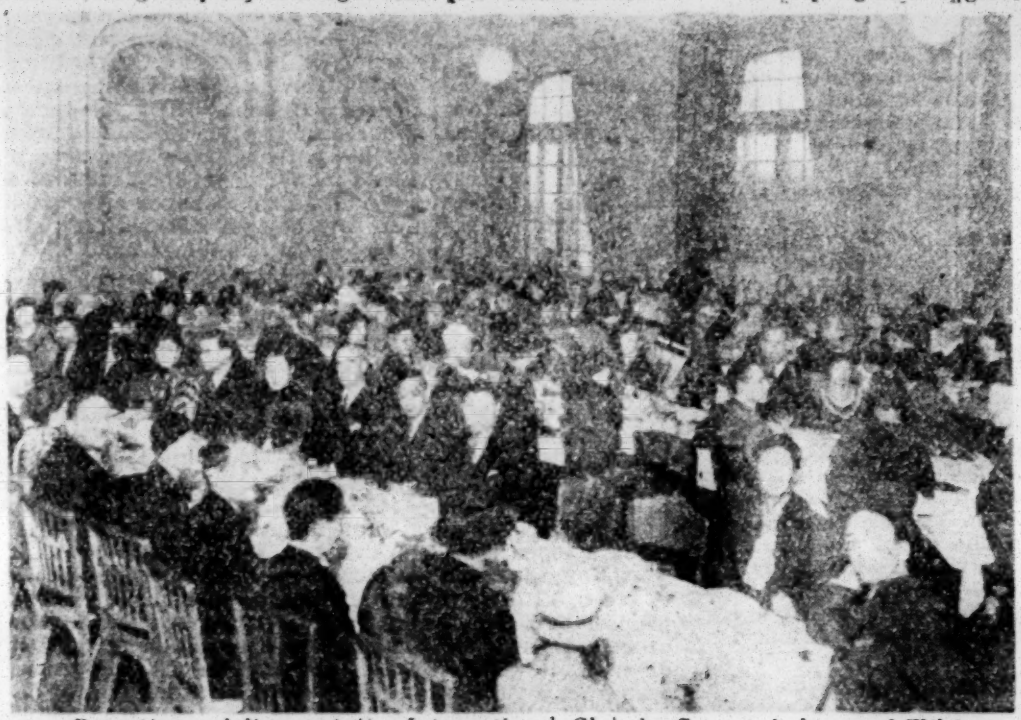
A long-distance flight from Berlin to Nanking is planned by Lin Fu-sheng, Chinese aviation cadet in Germany, following the much-acclaimed precedent of Captain Sun Tung-kang. Mr. Lin, 27 years of age, is a native of Fukien.

In a petition to the Ministry of Communications the Eurasia Aviation Corporation asks for a ruling regarding the inspection of passports of foreign passengers traveling on its airplanes to interior parts of the country, such as the North-west. In view of the diplomatic aspects involved, the Ministry has referred the said petition to the Ministry of Foreign Affairs for attention.

China Still Believes in the League of Nations

The following are extracts from a speech made recently by Dr. V. K. Wellington Koo, delegate from China, before the XIV Assembly of the League of Nations.

THE interest and attention of the peoples of the world, as far as the League of Nations' is concerned, are naturally centred upon the succes or failure of its efforts in the political sphere in the promotion and maintenance of peace between nations. Measured by this obligation, the year under review cannot but be considered as the most disillusioning one for the League since its establishment.



Reception and dinner at the International Club in Geneva in honor of William Martin upon his return from China on Oct. 11. Mr. Martin, former editor of the *Journal de Geneva*, spent several months lecturing in China. The two Chinese women in the foreground are Mrs. Victor Hoo and Mrs. C. Kuangson Young.

In this disillusionment China, victim of armed aggression from another Member of the League in the Far East, shares with the keenest feeling. It will be recalled that the initial act of an undeclared war of conquest on the part of Japan took place in the night of September 18 1931. Seventeen months after, the Assembly pronounced its verdict in a report unanimously adopted on February 24, 1933. That report gives a clear account of the situation and establishes beyond doubt that in the view of all the Members of the League Japan's occupation of the Three Eastern Provinces was a violation of the Covenant as well as of the Pact of Paris and the Nine-Power Treaty of Washington, and that the new regime she had set up was against the wishes of the people and incompatible with peace in the Far East. This report was accepted by China and rejected by Japan.

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The Chinese Government views the situation in the Four Provinces as a standing violation of the treaties upon which the world is supposed to rely for security, disarmament, and peace. It is determined steadfastly to maintain all its rights and claims, and not to recognise or acquiesce in the illegal accomplished fact. That accomplished fact will remain only so long as it is physically impossible for China or politically impossible for the rest of the League to vindicate the sanctity of treaties. In maintaining this attitude we consider that we are not only doing what lies in our unaided power to preserve China's territorial integrity and political independence against Japanese aggression, but that in so doing we are resisting the attempt to convert the Covenant into a scrap of paper. That attempt is now taking the form of the strongest pressure to induce China to abandon the policy of co-operation with the West through the League and to adopt the principle of "Asia for the Asiatics."

The Assembly Report of Feb. 24, 1933, China announced her readiness to accept on the very day of its adoption, remains for her as for all Members of the League the only basis for a satisfactary settlement. The Sino-Japanese issue therefore, remains to-day the same as it was on the day when all the nations assembled here unanimously agreed not to recognise the illegal regime in Manchuria either *de jure* or *de facto*. The subsequent approval of the report by the United States has given added force to the solemn verdict of the Assembly. The only difference is that the question has since assumed even more alarming proportions, as evidenced by the Japanese illegal occupation of Jehol and parts of Hopei Province in North China, and by the increasingly strained relations between Japan and other Pacific countries.

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If the Covenant is a scrap of paper cast of Suez, how can it become a reality in Europe? It is to be feared that so long as this glaring case of Covenant-breaking is not settled in accordance with the established principles of international law and the existing treaty obligations, it will remain, if not an insurmountable obstacle, at least a stumbling-block in the path of new international agreements looking to economic and military disarmament and to the maintenance of peace by common endeavor. The reason for this is not difficult to explain. The absence of any effective action from the League has encouraged those who have all along been proclaiming the belief that might is right. It has, in fact, placed a premium upon aggression. It has given a new impetus to the activities of those in different countries who advocate and strive for an increase of armaments in the name of national defence, since treaties guaranteeing security may be disregarded with impunity. Indeed, observing students of international affairs already see ominous clouds rising on the international horizon in the Far East. It is my humble opinion that the whole situation revloves round this pivotal question: are we determined to defend the League, uphold its prestige, strengthen its authority and endow it with the means of enforcing its decisions, or are we ready to let it dwindle in importance from year to year, disintegrate for lack of support, and eventually disappear from the international arena as the supreme guardian of peace? China, for her part, with all her disappointment at its failure to carry out its report, still believes in the soundness of the fundamental aims and purposes of the League and will do her utmost to foster its healthy growth. For the alternative would be unthinkable: it would mean the relapse of the world into a state of international anarchy, of incessant rivalry and conflict such as existed before the Great War and was ultimately responsible for the catastrophe from which the world has not yet fully recovered.

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William Martin spoke after the luncheon on Oct. 11 on his "Impressions of China." He said the Chinese are a good-natured people with many excellent qualities. Distances in China enable one better to realise the size of her difficulties. For instance, it takes two and-a-half months to go from Shanghai to the Tibetan frontier and even that is not the frontier of China! China's problems are not only political. They also have their religious and moral aspect. China has three religions of her own and the West has brought her another—Christianity, for Christianity is somehow inextricably mixed with Western civilization. China, is faced by enormous difficulties which are the direct and inevitable outcome of interior changes, but her task is rendered still more arduous by the existence of yet another and exterior difficulty, that is to say, Japan. The present trouble in Manchuria is not the only aspect of the Japanese factor. There are only 60 million Japanese as against 450 million Chinese: Japan is afraid of China's immense population.

China has not only lost territory in losing Manchuria she has also lost enormously in her budget but nevertheless she still continues to pay, month be month, her compensation to Japan for the Boxer Riots. She cannot do otherwise as she has been given to understand in London that if she failed her credit would be wrecked.

Banditry Rampant in Harbin Region---Russians Emigrate South

(From The Review's Correspondent at Harbin)

Often I have been puzzled why no foreign correspondent stationed in this city has so far made no attempt to study the recent increase of kidnappings, and yet the subject has assumed the proportions that no dutiful scribe can afford to overlook. When reflecting on this subject one invitably comes to the stern conclusion that, in respect of crimes of this sort, our city lags by no means behind other famed cities, like Chicago and New York, where the gangsters are reputed to be particularly ingenious and bold in perpetrating their schemes. It would be unfair to lay the blame on the present authorities of the city alone, for they seem to be trying every means at their disposal to stem the further growth of crime; however the persistent character of kidnappings, involving an ever-increasing number of victims and from every walk of life, gives a serious doubt as to whether the authorities will succeed in their combat against crimes of this description. What interests us for the present is the human side of the problem as related by victims of the most recent kidnappings to the local pressmen or to the writer himself. Out of these tales the reader may himself draw the necessary conclusions.

P. Y. Ivanoff, an elderly White Russian and employee of Tchurin and Co. (a leading department store in Harbin), is an ardent fan of angling. In fact, on any bright Sunday morning, he seldom fails to come out to the Sungari, within the city limits, where he would sit for hours watching his lines. But June 25 turned out to be a fatal day for him—while he was thus sitting with his lines a pipe in his mouth and thoughts somewhere around the dinner table, two "Manchurians," in long blue gowns approached him and asked whether he would not mind helping them with a match. "Certainly," said Ivanoff and was about to reach a pocket, when the two gentlemen flashed out pistols, threw them into Ivanoff's ribs and commanded in no uncertain terms to follow them.

"They led me out of town, along the river's bank," Mr. Ivanoff afterwards related, "and, as a first thing, bound up my hands. We walked for some two miles and came up to a lonely hut, where I found more bandits, all armed to the teeth. Here they questioned me for the first time, asking who I was, or what address, profession, employment. I said I was a motorcar driver which evidently pleased the bandits."

Having completed questioning, they blindfolded the victim and led him still further up the stream. Soon they entered a village. "I was ushered into a spacious *fantza* (a hut)," related Ivanoff, "with a little partition behind it, into which I was thrown. There I spent a few days. They would not believe that I was a motorcar driver, so started to beat me with bamboo sticks and forced out that I was an employee of Tchurin and Co. In the same village, but at another place, there was being detained another man, Ignatuk by name, who was at that time being ransomed out. The bandits took up this opportunity to send a message with him to my wife, demanding 40,000 dollars for my release."

Next day, Mrs. Ivanoff, who received the message, came to Chinghe, a suburb of Harbin, and found a lonely boat tied up to the bank and a native keeping watch over it.

"Moya hochu hunghudze," said Mrs. Ivanoff to the boatman, which in the local Sino-Russian parlance means "I wish to see a hunghudze."

The boatman nodded and took up the oars. Soon they reached the bandits' lair and Mrs. Ivanoff opened parleys for the release of her husband. They would not believe that Ivanoff was a poor man, having nothing but his job. The negotiations having been "ruptured," Mrs. Ivanoff came back empty handed. For two days there was nothing heard of Mr. Ivanoff, during which time the bandits had seemingly gathered full information about the social position of their captive, and on the third day expressed the willingness to realease him for only 600 dollars.

"Wife had collected the money and handed it to the bandits," Ivanoff said in concluding his tale, and on departing they said that on second capture I will have to pay a much bigger ransom.'

Mr. Ivanoff now keeps indoors on Sundays.

Bandits Capture Two Youths

One bright summer day, three boys—Gorshenin, Poluektoff and Semenoff—were playing in the sand, just below Chingne, a suburb of Harbin. Unfortunately, they paid no heed to the presence of two ordinary looking Chinese, sitting leisurely at some distance and watching their play. In the middle of the play, the men suddenly jumped and dashed upon the boys with evident intention to grab them. The boys screamed and ran; only Poluektoff succeeded in getting away; the other two were caught, knocked down and rushed in a waiting boat across the river. While Poluektoff was raising alarm in the village, the bandits and their victims made the opposite bank and, upon reaching it, disappeared in the grass. A little distance away, the group was joined by a band of about 20 more bandits. Soon they came to a lonely hut concealed in the hills surrounding a little brook flowing into the Sungari. On the next morning the journey was resumed until they came to another hut. There the boys were thrown into a foul-smelling dungeon. Here, by means of terrific beating, the bandits forced the boys to write letters to their parents. For the release of the boy Gorshenin they asked 600 dollars; however, afterwards, when they learned that his father was a poor man, the ransom was reduced to 100 dollars only, which sum was later on brought by Gorshenin in person and handed over to the chieftain.

Boy Gorshenin relates that, when they were still in that hut, an elderly Russian wearing a pair of spectacles and with garments torn up all in rags—evidence of severe struggle—was brought in and, before their eyes, given a sound beating. The man turned out to be A. D. Voyeykoff, a noted Russian botanist, formerly attached to the C. E. R. Agricultural Experimental Farm, Harbin, member of the Manchuria Research Society, and author of several treaties. He had the carelessness to go out of town, to gather "a certain specimen of sporogenous plant, very rare in these parts," as he put it to the writer in describing the object of his trip, and, unfortunately, was caught by the hunghudze, captors of boy Gorshenin.

After long and heart-breaking bargaining with the gang, his sister managed to buy out the scientist. A curious side of the incident is the fact that the gang presented a formal bill to Miss Voyeykoff, included in which were the following items: Ransom—1000 dollars. captive's meals—300 dollars, the boatman's charges for five trips (one trip when kidnapping and two return trips made by his sister to the bandits' lair, 2 dollars a trip)—10 dollars, Voyeykoff's protection from other gangs on the return trip—30 dollars, total 1340 dollars. The document should stand out as a testimony to the present day conditions in Manchuria. ,

"When I first saw him," related Miss Voyeykoff, "I could not recognize him: brother was in rags, dirty and with his face full of blisters. I nearly fainted on seeing him. At Chinghe, he motor-bus people refused to admit him saying he was a tramp."

During the whole month of captivity, the botanist did on no occasion wash his face and, in addition to constant beating and humiliation, contracted stomach trouble. And now he lies in the hospital recuperating.

Boy Semenoff's fate seems to be the worst of all. The ransom asked was extortionately high—10,000 dollars, beyond the means of his father, an unemployed man, subsisting only by the occasional work of a canvasser. He had to go the bandits' lair several times (which, he says, is but five miles away from Harbin) and entreat them to free the boy without any ransom. "It is a mistake to keep the boy for ransom, for I am so poor as man could be," he said but to no purpose—the bandits insisted on payment.

"We will beat up your boy to death," they said and, to make a still greater impression upon the poor father, got the boy out of dungeon and gave him a beating before the very eyes of Mr. Semenoff.

"The sight of my poor boy, bleeding and screaming at every stroke of the lash was a bitter one and I have no words to describe what I felt then," he said.

Upon returning home to raise 1000 dollars, which the bandits set as the lowest sum, Mr. Semenoff had to sell everything movable around the house,

besides forfeiting his income for a year ahead. In addition to this sum, he had to pay 30 dollars to the boatman and to a interpreter in the bandits' lair for his services during the negotiations for the release of the boy. Privation and repeated beating so impaired the boy's health that he is now lying seriously ill at Doctor Kazem-beck's Memorial Hospital, Machiakou, Harbin.

Business at Low Ebb

It goes without saying that business at Harbin is very bad; probably it has never been so bad as now. Particularly it was bad for Mr. Tung, the owner of a little butchery at 206, Novotorgovaya Street, who, in order to straighten out a very badly shaken business of his butchery, agreed, of course for a hansome reward, to deliver "consolation gifts" to bandits from which errand Mr. Tung did not return; instead, his wife received a letter saying that Mr. Tung had safely arrived with the gifts, and that he is not expected to leave the lair unless 10,000 dollars are forthcoming for his release. With the letter in hand and wailing, Mrs. Tung came flying to the offices of Messrs. Triguboff and Shimansky, timber dealers, on whose errand Mr. Tung went on the hazardous journey.

A little inquiry into this episode disclosed the fact that a month ago two employees of said timber dealers (Messrs. Efimoff and Rederer) were on a business trip in the Lower Sungari region, and, while in the interior, were captured by hunghudze and subsequently detained for ransam. After long and perilous negotiations for the size of ransom and upon paying same, the relatives of Mr. Efimoff succeeded in freeing him, whereas the other man—Mr. Rederer—was left in captivity. It was for his release that Mr. Tung ventured on the journey and from which he did not return,—and probably never will unless the money is paid for his freedom.

Relating his experience, Mr. Efimoff said that upon capturing them the gang moved up the river towards Harbin. "Whenever they would spot a 'plane over the horizon, the bandits would command us to hide in the grass and we would lie there until it was out of sight," he said. "Thus, we came to the distance of about seven miles from Harbin and stayed there in a village. They seem to have an excellent communication net-work, for on no occasion have they come to a clash with the government troops—they always manage to elude them. Always evading the troops, the gang was, however, in constant touch with our families through special messengers. In fact, the last instalment of my ransom was brought by my wife in person. Believe it or not, within two hours of journey in a native boat up the stream, we reached Harbin and were landed by the boatman on Kitayskaya Street Jetty," concludd Mr. Efimoff.

The above tales are taken at random to show the seriousness of the situation arising from the rampancy of banditry and the general insecurity of living in North Manchuria, because of which many old-time residents are knocking down their properties and moving to South Manchuria or China Ports. The Russian population generally is deserting Harbin and moving to points south.

Harbin, October 28, 1933.

Erroneous Telegram from London Causes Flurry Between Soviets and Japan

A Japanese Foreign office spokesman Nov. 12 described as propaganda news a Russian allegation that six Japanese planes had been shot down on Soviet territory and also that two Japanese auxiliary fighting ships had been sunk by the Soviets in Soviet waters in Kamchatka. As Japan is not in state of war with Soviet Russia, there cannot be any reason for Japanese planes flying over the Soviet territory in formation, and no auxiliary ships, not a single one from the Japanese navy, are in Kamchatka neighborhood, the spokesman said.

A *Tass* telegram from Moscow Nov. 12 stated that the report in question was circulated by the London office of the *United Press Agency*. The Moscow message stated that the telegram was an absolute invention of manifestly provocational nature. The Japanese blame the censors of the Moscow Government for allowing the cabling abroad of the report.

M. Yurenev on Nov. 6 handed to the Japanese Minister of Foreign Affairs, a note of protest against the flights of Japanese military airplanes over Soviet territory.

A recent Moscow message stated that the alleged flight of Japanese planes across the Soviet border was partly responsible for the statement last week by Comrade Molotov that Soviet Russia was prepared for the possibility of any sudden attack by Japanese forces.

America Goes Slow on Soviet Recognition

The Secretary of State, Cordell Hull, has completed his conversations with Maxim Litvinov regarding Russian recognition. He then departed for Montevideo to attend the Pan-American Conference which opens there next month. The conversations with the Soviet representatives are being continued by the Under-Secretary, William Phillips. Although Russian circles are expecting a formal announcement of recognition in the near future, it appears that the President and State Department officials were examining all proposals with great care. Washington circles express the view that, owing to the complexity of problems to be discussed in connection with the resumption of relations between America and the U.S.S.R., the final decision in the matter probably will be somewhat delayed, but this delay does not imply that the question of recognition has met with any serious obstacles.

According to the New York *Times*, the delay in the negotiations between the Soviet and American Governments is due to the desire of the United States to obtain substantial assurances concerning the principal questions in dispute. This attitude, writes the journal, astounded Mr. Litvinoff, Soviet Foreign Commissar, who left Moscow with an idea that recognition could be obtained after a half-an-hour of conversation, in the belief that all litigious questions would be settled later on.

Following an unexpected conference between President Roosevelt and Maxim Litvinoff, Soviet Foreign Commissar, Nov. 12, a Washington message Nov. 13 intimated that a definite conclusion regarding the recognition of Soviet Russia might be reached before the President leaves for Warm Springs Nov. 17. It is believed that debt claims and trade questions feature prominently in the discussions; definition of the word "aggressor" has caused a divergence of opinion. Opposition to the granting of large credits to the Soviets is growing.

American recognition of the Soviets will be "a serious matter" for Japan, Toshio Shiratori, new Japanese Minister to Sweden, said upon his arrival in Montreal, Canada during the week, en route to his post.

Soviets Continue to Protest Against Japanese Activities

The exchange of protests between Manchukuo and Soviet Russia continues apace. In a note, handed to the Manchukuo Foreign Ministry by M. Slavutsky, Nov. 9 the Soviet Consul-General protested against the violent treatment of Soviet citizens by Russian-born Manchukuo policemen. The note also called attention to the uncurbed activities of White Russians against the Soviets.

According to a recent arrival in Tientsin from Europe, most of the travellers on the Siberian railway were soldiers heading for the Far East.

A special message to the Tokyo *Jiji* reports the outbreak of a serious revolt amorg peasants, and Red troops near Viazeimskaya, on the Ussuri Railway, which, it is stated, is gaining strength. The message adds that unrest also prevails among the Red guards of the Ussuri Railway and the rebels are said to have massacred "hundreds of Communists" and to have burnt sixteen military airplanes.

Recalling the failure of the various attempts on the part of the Soviet Union to maintain peaceful relations with Japan ever since the outbreak of the Manchurian incident in 1931, the *Sin Wen Pao* comes to the conclusion that a second Russo-Japanese War appears unavoidable, and that it may break out at an unexpected moment.

Commenting on the sensational address of M. Molotov, Chairman of the Council of People's Commissars of Soviet Russia, on the occasion of the 16th anniversary of the Bolshevik Revolution, the *China Times* takes the view that the speech is only a gesture, not necessarily foreshadowing any fundamental change in the policy of the Soviet Government vis-a-vis Japan.

The Ministry for Foreign Affairs has sent an urgent telegram to Dr. W. W. Yen, Chinese Ambassador in Moscow, instructing him to remain there for the time being in view of the strained relations between Soviet Russia and Japan.

The Curtiss Wright Corporation has signed a contract with the Soviet Government to establish a motor plant in Russia for the manufacture of airplane motors.

According to investigations made by the Ministry of Industry, Soviet imports to China this year have set a record for the past ten years. Chinese exports to Soviet Russia have considerably decreased while Soviet exports have increased, completely reversing the situation of a few years ago.

The Japanese Secret Service---Kidnapping of Koreans Their Special Task

(By a Chinese Correspondent)

THAT mysterious being, illusive, clandestine, travelling always incognito, with a member of aliases and assumed professions, tame as a harmless African beast in the London Zoo but wild and murderous if occasion should so warrant him, is an interesting personality. In peace, he is the out-stretched tenacle of his government for all sorts of secret information. In war, he equals the army, supports it, leads it or ruins it. Often, the efforts of one single man are worth more than the movement of ten thousand men in uniforms. He is called an agent, an intellegence officer, a service man and a spy. He knows the price he has to pay is that one early morning he has to face a firing squad. Secretly he comes; secretly he must go. In his work, he has nobody to guide him, direct him, but his own wit.

During the war the work of an agent is important. The collapse of the huge Russian army in eastern Prussia against the comparatively much smaller army of General von Hindenburg was due to the operations of a young and handsome violinist in the courts of St. Petersburg. England, France and Germany were foremost in their secret services during the European war of 1914-18. Some post-war books contain fascinating memories of these men, the latest of which was "Greek Memories," banned by the British government for its indiscretions. The contribution of Mata Hari to the German military was phenomenal. England had a Monsieur R; France had a Major X. Many preferred to work and die unhonored and unsung. The exact working of these secret service systems is never revealed, known only to a selected few in the army and the government.

The Subtle Japanese

The Japanese as a whole are a subtle race. Aside from the characteristic insularity, in the Japanese the oriental subtlety is intensified. He is a born spy. Every Japanese is a spy. His little black eyes twinkle. A naive smile envelopes his visage to camouflage the working of his cunning head. Every utterance is prefaced by a long-drawn out "Ah..... Sh.....," with which he bides his time to allow his slow wit to work and deliberate. His wit is slow as compared with the Chinese (much as the German compared with the French), but like the North man he sticks to his work. It is a mistake to think that the military adventure of Japan in Manchuria was due to the death of Nakamura. It was the result of twenty-five years of continued espionage.

To begin with, Nakamura was a spy. There were many, hundreds, perhaps thousands of these spies in the field that were spared by the Chinese firing squad. After the Russo-Japanese war of 1904-5, many discharged service men were sent by the Japanese government to Manchuria on pension. They were to engage in all forms of camouflaged trades with government subsidies, but the most handy was the barber trade. In a barber shop, no stock is taken, no article is for distribution, and the door is always shut. The outlay is small. It is an ideal headquarters for secret operatives. Some with approved business acumen run fruit stores, dispensaries and even hospitals. In Inner Mongolia, an agent has kept a hospital for Mongol patients for twenty five years, to be able now to instigate these cattle-breeders of the steppe to rebel against Chinese rule.

Consulates Are Headquarters for Spies

The Japanese consulates, more so than other consulates, are headquarters of spies. With diplomatic immunity, the consular police, secret spies assuming official roles, move about freely in plain clothes, and at times even invoke co-operation of the local police. To the Japanese consulates the resident spies would report every day on little rolls of paper, on what they have observed, seen and heard. In Pogranichnaya or Suifenho, the north-east-most frontier city of China, there were once three Japanese, the consul, his wife, aud his secretary. But a barber shop with three barbers was opened. If the colony would have their heads shaved once every day, one barber would be enough. The shop aroused curiosity. A curious enquirer was told that the three barbers instead of combing hair combed the streets every day, wrote reports and visited their consulate.

The Shanghai war of 1932 was also the result of such espionage. It was yet the overture only: the full program is yet to be given. Several Japanese spinning mills in the eastern district of Shanghai were long known as hot-beds of such military intrigues. They are military depots, arsenals, concentration camps, army headquarters and all that war may require. The details of the Shanghai war are too fresh in our memory to need repetition here.

Before the Shanghai war the Japanese were resident chiefly in the Hongkew district. After the war groups of them were scattered in Frenchtown, and the western districts as well. Most notable is the growth of their barber shops in these areas. You can count four Japanese hair salons on Bubbling Well Road, two on Yu Yuen Road and several on Avenue Joffre. Previously, they were no S.M.C. Japanese police in the western district. After the war the Japanese authorities sent several families to live there. With this pretext the Japanese members on the Council moved to have some Japanese police in S.M.C. employ in the western districts to protect their nationals and to avoid misunderstanding. Of course, this was done. In the next Shanghai war, one will find the barbers contributing much to the success of the Japanese General Staff. It will not affect Hongkew only, but all Shanghai and Greater Shanghai as well.

One of the noteworthy duties of the Japanese agents in Shanghai is the kidnapping of Korean revolutionists. The Koreans masquerade in the French concession, which has been the refuge of political workers, much like Switzerland in Europe. The Frenchmen, who know their revolution well, and being liberal-minded, have sympathy with all political desirables or undesirables. The Japanese agents before had applied to the French police for the arrest of Koreans, but after protests from different quarters the French have shown reluctance to co-operate. Thus the Japanese agents have now resorted to kidnapping.

The case in point was the disappearance of Li Chun-san, the leader of the Koreans in Shanghai. He was followed by four Japanese agents and thrown into a waiting motor car, which made way for the Kung Dah spinning mill in the Wayside district. The last heard of Li was that he was in the prison in Seoul.

Japanese Money Flows in the Streets of Geneva

The Japanese spy system extends not only to China, but to Europe and other parts as well. Recently the system abroad received special attention in connection with the Geneva conferences over the Manchurian dispute. Previously, the spying activities of the Japanese in Europe consisted of stealing formulae, taking photographic and other forms of industrial and chemical larceny. In Germany, the Japanese is condemned. They say that the Frenchman invents, the German develops, the American extends, but the Japanese imitates. After viewing a factory the Japanese visitors in Germany are sometimes subject to a special ray which penetrates everything they may carry, including the pictures.

In Geneva, during the League assemblies over Manchuria the Japanese agents were most active. Operating in foreign countries, the agents often have to depute their work to nationals of these countries. Without making undue accusations, it is a fact that in Europe Japan has certain friendly countries, who ever since the Nakamura incident have been offering her various forms of assistance. One country is known as the European depot of arms for Japan, whose factories have since doubled the number of their employees.

Well, Geneva was neutral ground. The Japanese delegation was housed in the National Hotel, overlooking the famous Pont de Mont Blanc and the beautiful Lake Leman. They took the whole hotel so that no foreigners could enter it. The methods they employed were a little different.

Despite the depreciation of the Yen, Japanese money flowed in the streets of Geneva. The hotel boys and the chamber-maids all over the city received generous tips for collecting waste papers from the baskets. These were taken to the elegant hotel National, where a Japanese bureau was installed to study and decipher the waste papers of the city. As Japanese are poor linguists, foreign professors were engaged to translate the forty languages current in Geneva. Special notice was taken of the Chinese guests at the hotels. Who are they? Where did they

come from? Where will they go? What do they do every day? Whom do they see? Who has called on them? and a dozen silly questions are asked of the concierge, who in turn receives generous tips for any information or misinformation given.

Many of the nationals there were directly employed by the Japanese to spy at the railway stations, post and telegraph offices, for the reason that it was inconvenient and inexpedient for the Japanese to attend to such work in person in a foreign country. It was even said that many members of the press of easy convictions regarding Far Eastern politics made a good business out of the Japanese.

A Chinese who had visited Geneva three times during the League assemblies, aroused the logical suspicion of these hired agents. On his last departure from Geneva he was followed by a Czech as far as Paris. The incident as related to me is not devoid of interest.

Boarding the train on a return ticket to Paris five minutes before it started, he was sure he was moving unseen and unknown. The hotel porter knew his departure only ten minutes before the train pulled off. The Wagon-Lits/Cooks did not know it. Just as the train was moving off the platform, an European rushed into the train. He wore a cap, and carried no luggage for a nine hours' journey to Paris. He located the Chinese in a first-class compartment. He installed himself opposite him. But the awkard and suspicious situation was that he had to pay the difference between the second class and first-class fares. The train started. The newcomer showed himself plainly that he was ordered to leave at a moment's notice by some one and for a definite purpose.

A Blundering Czech

The Chinese was aware of the situation. Drawing out a book, he determined to hold his tongue for nine hours. But the Czech was impatient.

"Quel ligne vous preferez pour aller en Chine? On dit il y a des lignes Japonaise que sont tres bien."

What an indiscreet question! As an intelligent intelligence agent the man should not pre-suppose that his co-traveller was going to China, and a Chinese, and that the Japanese mail lines are good.

After making him repeat the same question in English, the Chinese told him that he had never travelled by any Japanese lines, and therefore could not tell how good they were.

"I have a brother working in the Japanese naval dockyard in Nagasaki and he told me so," said the Czech after revealing his nationality.

This insinuation might have been given to show that the man had some knowledge about the Japanese navy either for selling some information or for evincing some information from the Chinese.

The Czech might be an agent of the Skoda Works, but the Chinese was not interested in him and less in his conversation. Instead, he told him that he owned a curio shop on the beautiful, sun-bathed French Riviera, and that it was his job to travel between Paris, Berlin, London and Rome. The rest of the journey was spent in peace.

It was evening. The waiter came to distribute dinner tickets for the first and the second series, the first being at 7 o'clock and the second at 8. The Czech bid his time until the Chinese took the first series, when he deliberately took the second series although he was offered first. This aroused the suspicion of the Chinese who had two suit cases and a brief case in the compartment.

In the middle of the dinner the Chinese suddenly returned to his compartment to find his two cases wide-open, with the Czech fumbling all over their contents. This was reported to the conductor, who promised to hand the man over to the police after arrival in Paris.

At the Gare du Nord in Paris he saw the Czech and the French police. But nothing was heard again. The moral is: Let the traveller beware.

♣

Another yarn, is of sufficient human interest to merit reproduction here.

A bright Chinese student was returning home from Germany via Siberia and Vladivostok. He was a little too adventurous. There was war in Manchuria and there was no traveller going thither. At Moscow he was spied upon by the Japanese consular spies, two of whom boarded the train to follow him. In the dining wagon the next day the two Japanese sat at his table. Between the zakouska and the bortshch the Japanese began their discourse with a fellow Oriental.

An expletive in Japanese thrown at him was disregarded, the student continuing his cabbage soup with gusto. Annoyed, one Japanese demanded: "Wohin gehen Sie?" The student replied it was not their business to know.

Two days of uneasiness passed. It was Sverdlovsk on the top of the Urals. The Japanese operating in an enemy country had their difficulties. The *tavarish* in Russia would not co-operate. What was more? The Japanese spies were in turn spied upon by an equally well-organized system of spies, the Ogpu. The Japanese could do nothing in Russia.

But the conductor on the train came to the student with a sealed letter. It was nearing evening, and the last gleams of the day fell upon the snow, making the dusk bright enough to discern people passing the plat form.

"You must leave the train at once, or you will not travel through Chita alive. The train will stay here for another half an hour and I'll help you to bring down your baggage. This letter will tell you what to do." The conductor looked business-like.

The student, in amazement, packed his things. In half an hour it was quite dark. He descended from the train with his portable impedimenta, unnoticed by anyone. The letter was addressed to the station-master at Sverdlovsk. Ordinarily, it is a violation of Soviet regulations to break the journey, but it was an exception to the rule.

To get into a Soviet train is discomfort enough, but to get out of the train in Soviet Russia is some experience that had better he left undescribed. The station-master had him detained for three days until the Siberian express arrived, due for Moscow and Stolpce. The studeut was sent back to Moscow where a minor upheaval took place in diplomatic quarters.

There was then no Chinese legation or embassy in Moscow. The only organ was the office of the Chinese delegation to the Sino-Soviet conflict over the 1929 C.E.R. dispute. This was in the charge of a secretary, the delegation having vacated following Japanese invasion of Manchuria. But there was talk for the resumption of relations between China and Soviet Russia. The Soviet government took care to look after the Chinese student in its territory, and at the same time not to offend the Japanese.

When Ogpu and Jap Spies Match Wits

The truth of the affair is indeed amusing. For some time it was rumored from Japanese sources that Soviet assistance was behind Gen. Ma Chan-shan and other volunteers in Manchuria, but evidence was lacking. When a Chinese was passing through Siberia, it was alleged that a Chinese agent was visiting Gen. Ma's camp at the front with Soviet connivance and support. Two Japanese agents with diplomatic passports were sent with instructions from headquarters to shoot the "man" dead before Chita, as arrest in Soviet territory could not be carried out. The Soviet secret agents were also at work. They "covered" the two Japanese, and when they found out their murderous intention, decided the best course was to prevent the Chinese student from proceeding further. Innocently, the student became a hero, although yet unknown.

The methods associated with the Japanese spy system are too varied for brief discussion. Generally, in China they are now hiring agitators and paying assassins. Before the nationalist regime the generals in China were paid by Japan to create disturbances. Now, the generals are enough advanced to scorn at Japanese subsidies. But the ruffians have come in their stead. In Shanghai and Tientsin, simultaneous with or preceding Japanese operations, the paid ruffian agitators would upset order to supplement their work of aggression. It is a well-planned plot to hire enemy people to agitate against themselves. It is the work of experienced agents.

If China ever hopes to deal with Japan effectively, she must first of all organize her secret service. I have no aversion against the Chinese people, but as a race they are hopelessly incapable of secrecy. They are much too fond of talking, and talk altogether too much. One would tell you now, this is strictly between ourselves a secret, but you noticed immediately something that should never be said. The same emphasis of secrecy is imposed on every one until it no longer remains a secret at all.

China's diplomatic force abroad is very weak. The consuls are literally ignorant of the countries or cities in which they are stationed, not to say expecting important intelligence from them. The consul in Vancouver did not know the city's population. The consul-general in Paris did not know how many Chinese students were there in Paris and in France. I hope they are now transferred, or better discharged. A few ministers have the qualifications due them. A good secret service requires a good foreign service. May the authorities in China quickly see to this all-important question.

The "Triangle Entanglement" in Sinkiang (Chinese Turkestan)

BY C. Y. W. MENG (孟長泳)

THE Three North-Eastern Provinces, generally known as "Manchuria," which is as big as France and Germany combined, is now lost by China to Japan. Yunnan, another big province in China Proper, is now virtually under the French influence. Sinkiang, the biggest province in China, is now virtually under the influence of Soviet Russia and Great Britain—which are now competing with each other for the domination of Sinkiang. With Manchuria and Outer Mongolia lost to Japan and Russia respectively, and with Yunnan, Tibet and Sinkiang going to be lost to France, Great Britain and Soviet Russia (unless steps are taken to save them), China will witness another "scramble of concessions," or another attempt to "divide" China on the part of the aggressive powers. It is now up to China to wake up and to save herself before it is too late.

Mis-Rule of Sinkiang—China's Blunders!

These frontier provinces, which are contiguous to the big and aggressive powers should be properly governed and fully protected, so that they would not give any cause for worry to the Central government. But it is a most strange thing to relate that China has never paid due attention to the welfare of these frontier provinces, and has always placed these strategical provinces in the hands of the most "corrupt and incapable officials." Manchuria was governed by Marshal Chang Tso-ling and then by Marshal Chang Hsueh-liang before it was lost to Japan. Sinkiang was governed by Yang Cheng-sun and King Su-jeng, the latter being now under detention for trial by order of the National Govenment upon receipt of numerous complaints brought up against him by the Sinkiang residents in Nanking. Yunnan is now governed by General Lang Yuan, where the civil warfare is made practically continuous. It must be remembered that Korea was lost to Japan partially due to the corruption and mis-rule of Korea within.

Observers who have returned from Sinkiang state that corruption is rampant in the political administration of Sinkiang. The policy of the governors is to make use of the "ignorance" of the local people 愚民政策. Under such administration, it is impossible to expect any improvement in the welfare of the people in Sinkiang, or the cultivation of better feeling between the Mohammedan and Chinese people, which as a matter of fact, should be the supreme duty of every governor.

These incapable and corrupt officials are always glad to conclude treaties or agreements with the foreign powers, thus making the frontier problems more complicated than ever. Mukden concluded many agreements with Russia and Japan, without the slightest knowledge of central government. Sinkiang also signed a "secret commercial agreement" with Russia before Sino-Russian diplomatic relations were restored. Some of these treaties or agreements were quite derogatory to the Chinese sovereignty; and some of them are quite disadvantageous to the Chinese interests.

Indifference to frontier affairs by the Central government and the Chinese masses, appointment of corrupt and incapable officials to govern these strategical provinces bordering the great powers and to handle the situation there, and frequent conclusion of treaties, or agreements by the local governors with the neighboring foreign powers, without the slightest knowledge and consent of the Central government, etc., are the special features that characterize the Chinese policy and government of the frontier provinces, and which are undoubtedly responsible for the loss of Manchuria to Japan, and probably further loss of Yunnan, Sinkiang, Tibet, etc.

We witnessed previouly the Russo-Japanese struggle for Manchuria, and we are now witnessing another 'Anglo-Russo-Japanese struggle" for Sinkiang!

British Activities in Sinkiang

The British activities in Sinkiang are in direct proportion to the Russian activities in Sinkiang. That is to say, when Russia becomes less aggressive in Sinkiang, the British will also become less aggressive. If there is a change in the Russian policy in Sinkiang, there will be also a change of the British policy in Sinkiang. The British primary motive is to see that the "Northern Bear" would not come down further south to impair the British-controlled India and Tibet, and to see that the market in Eastern Turkey is not monopolized by the Russians.

In 1931, a "scientific expedition" under the leadership of Sir Aurel Stein was despatched from India, which eventually reached Sinkiang. Sir Aurel is generally known as "Sinkiang's Old Hand," having good knowledge of Sinkiang and having visited Sinkiang several times, the first visit being about 40 years ago. He came to conduct the investigation and survey works. This time he went to Sinkiang under the pretext of conducting an expedition despatched by the Royal Museum, supposedly for scientific study. But the fact that the expedition was headed by such a well-known Sinkiang old hand, and that the expedition was "financed" by the Survey Bureau of the British Army, indicates that the expedition was more than a scientific expedition; it is certainly significant and meaningful!

Another adventurers' group, headed by Col. J. R. Stewart, was despatched in the spring of 1931 by London. This group carried with it motor cars, airplanes, and stayed in Sinkiang for about a year and-a-half. It is said that the this group carried out extensive survey work, land and air, practically covering the whole province. It is generally known that the primary motive of this group is to find out the stategetic places in Sinkiang. In both expeditions, the British militarists took great interest and participated.

Recently, it was reported that agitation has been on foot to launch what is called a "Great Mohammedan Nation Movement," uniting all Mohammedans in India and nearby countries to form a "Great Mohammedan Kingdom." Such movement, according to reports is agitated by the British. With so many "White Russians" within the movement, it could not be said that such movement is not a direct "British challenage" to check the Russian advance into Sinkiang.

Russian Activities in Sinkiang

While the British are taking steps to make way upward to Sinkiang, the Russians are doing the same thing in moving southward to Sinkiang. From the Russian point of view, Sinkiang has great "economic value" to Russia, probably just as Manchuria to Japan, the reason for this statement being that Sinkiang, being rich in natural resources, will supply Russia with all necessary raw materials.

While hides, furs, domestic animals, cotton, etc , constitute the principal Chinese exports to Russia, metal products, sugar, cotton yarns, paper, cigarettes, etc., are the principal Russian exports to Sinkiang.

The Russian penetration into Sinkiang is greatly facilitated by the completion of the Turkestan-Siberia Railway, 700 miles of which are along the Sinkiang border! Today, we find it is far more convenient fog travellers to reach Sinkiang by Russia, than from Chinr proper to Sinkiang! As the transportation is made easier, the development and exploitation of Sinkiang's natural resources and importation of Russian goods to Sinkiana is also greatly facilitated and naturally follows. The Turkestan-Siberia Railway is certainly another "Chinese Eastern Railway," or another South Manchuria Railway in Manchuria, or another Yuannanfu-Haifong Railway in Yunnan, which are such effective instruments for the political penetration and economic exploitation of Manchuria and Yunnan by Russia, Japan and France.

In 1931, Russia also concluded a "secret commercial agreement" with the former governor of Sinkiang (King Su-jeng) who is now being detained in Nanking for trial. By this agreement, Russia is being promised to undertake any industrial development in Sinkiang in the form of "joint enterprises" with the Sinkiang people. But today Nanking has made it clear that this agreement is not to be validated, and negotiation has been going on in Moscow for the nullification of this agreement.

Sinkiang, Center of Sovietization of China?

Many reasons could be given for the Russian anxiety in coming down south across Sinkiang, such as the Russian necessity for Sinkiang natural resources, Russian desire for expansion of markets in Middle Asia, etc., but among which, we may state is the Russian desire to hold Sinkiang and make Sinkiang a center of activities for the Sovietization of China. The Russian route to China through Manchuria is now being blocked by the Japanese occupation. As Russia has no desire to force the way open and to

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come to an armed clash with Japan at present, the only alternative is to find some other route. The way through Sinkiang is certainly the most logical, convenient and easy route. It is further said that it is due to discovery of this change of Russian policy, and real Russian intent in Sinkiang, that the British have become somewhat nervous, and have given orders for "forward march" into Sinkiang to stop the Russian advance. Whether this is the case, time will tell.

Japanese Activities in Sinkiang

Today, we hear very much about the "Great Mohammedan Nation Movement" in Sinkiang, the "Red Movement in Sinkiang," etc. We have also heard much about the "Greater Mongolian-Manchurian Kingdon," which, according to the map, would include, beside Manchuria, Outer and Inner Mongolia, Jehol, Suiyuan, Charhar, Szechuen, Tibet, Kansu, Shansi, and "Sinkiang" as well. Recently, there were several Mohammedan riots in Sinkiang. It is reported that behind these riots is the Japanese agitation. That is, another aggressive power has stepped into Sinkiang politics!

Sinkiang, Second Manchuria?

In other words, the situation in Sinkiang today is serious enough, if not more serious than that in Manchuria, where Great Britain, Soviet Russia and Japan are struggling for supremacy. To be sure, traditional indifference of frontier affairs blunders in appointing incapable and corrupt officials to govern these strategic provinces—thus creating a situation which might indeed lead to the eventual loss of Sinkiang. What the Chinese should do today is first to make Sinkiang cease to be a place of "international entanglement" by exercising effective control over Sinkiang and by appointing more capable officials to handle the situation there, who should at once introduce many reforms to improve the present condition in Sinkiang and cultivate better relations between the Sinkiang people and the Chinese, and to work for a better understanding between the Mohammedan people and the Central government.

Nanking, Nov. 11, 1933.

American Airman Hall Sentenced in U. S. Court for China

Lieutenant Bert Hall, adventurous American airman with an exceptionally good war record, was sentenced in the U. S. Court for China Nov. 10 by Judge Purdy to two years and six months imprisonment for defrauding General Ho Chu-kuo of Tientsin out of $9,775 in a fake arms deal. Judge Purdy in passing sentence said, "You thought your record in the war would get you off. The only mitigating fact about the whole business is the fact that you pleaded guilty and saved the government that much expense."

Two Years Sentence for Stabbing Wife

George Danko, second-class water-tender on the *U. S. S. Smith Thompson*, destroyer No. 212, who stabbed his wife in the abdomen with a knife in her room at 72 Route Vallon on the morning of September 5, upon finding another man sitting at the foot of her bed, was sentenced to serve two years' imprisonment in the United States Penitentiary at McNeil Island by Judge Milton D. Purdy in the United States Court for China Nov. 9.

Menace of Japan's Military Debts---Militaristic Feature of Japan's Public Finance

CHEN PIN-HO (陳彬龢)

(Continued from last week)

Historical Sketch of Military Loans

During and after the Meiji regime (1868-1912) in Japan, there were many occasions for raising of military loans for purposes such as national defence and warfare. The more important periods are stated as follows:

(1) *Expansion of Navy (1886-1889).* The 8-year plan for expansion of Japan's navy (1879-1887) required a total of over Yen 22,000,000. Although it had been decided that the money would be allotted from funds under "ordinary accounting," the enormous national disbursements then needed for other purposes rendered it necessary to raise domestic loans for execution of the plan. Before 1879, Japan claimed a tonnage of 14,000 and about 4,000 men in her navy, but, after the expansion, the total of tonnage increased to 58,000 and the number of men, to 5,900. It was one of the important improvements during the Meiji regime.

Meanwhile, Japan's army forces were also improved with large appropriations. Both the strength of the navy and the army advanced in a great measure.

(2) *Sino-Japanese War (1894-1895).* The distribution of expenditures and receipts in connection with the war between Japan and China is as follows:

Expenditures		Yen.200,475,508
Receipts:		
Surplus of 1893 budget	Yen. 23,439,086	
Public loans	116,804,926	
General donations	160,800	
Donations for medical and relief services	2,788,740	
Receipts from occupied territories	624,425	
Receipts from Formosa and Boko Islands	935,679	
Allotments under "special accounting"	78,957,164	
Miscellaneous receipts	1,519,305	
Total	Yen.225,230,127	
Balance		Yen. 24,754,619

It is to be noted from the above that, against the total of Yen 200,475,508 as war expenditures, public loans amounting to Yen 116,804,926 were floated. The amount of public loans then authorized by legislation was Yen 230,000,000. But, as an indemnity of Yen 350,000,000 was received from the Chinese government, it was not necessary to raise loans to the full amount. These public loans were paying interest at the rate of 5 per cent. The bonds exceeded their face value, hence it was considered that the issuance was a success.

(3) *Expansion of Army & Navy After the Sino-Japanese War.* From 1896 to 1905, the Japanese government undertook a 10-year plan for further expansion of their army and navy, requiring a total of Yen 313,241,333. This step was taken in view of the threatening situation prevailing before the war between Japan and Russia. The funds provided for this purpose consisted of the following:

Indemnity (from the Chinese government after the Sino-Japanese War)	Yen.196,084,806
Public loans	77,458,907
Ordinary revenues	39,687,919
Total	Yen.313,241,333

In the same time, it was considered that, in order to maintain the immunity of the supply of armaments, a number of enterprising iron works should be established in Japan. The plan called for an initial investment of Yen 19,000,000, of which a portion of Yen 580,000 was covered by indemnity funds. The remaining Yen 18,420,000 was raised by public loans. While these loans were not of a typical military nature, they were closely related to it.

(4) *Russo-Japanese War (1904-1905).* The distribution of expenditures and receipts in connection with the Russo-Japanese War is as follows:

Expenditures:		
Ministry of Army	Yen.1,283,318,056	
Ministry of Navy	225,154,481	
	Yen.1,508,472,537	
Others	207,967,463	
Total		Yen.1,716,440,000
Receipts:		
Bonds, treasury notes and loans	Yen.1,418,731,229	
Allotments under ordinary accounting	182,430,129	
Allotments under special accounting	69,311,977	
Donations	2,331,176	
Receipts from sales of government property	18,875,114	
Freight receipts (of government lines)	9,908,783	
Special receipts	3,516,324	
Miscellaneous receipts	16,107,521	
Total	Yen.1,721,212,256	
Balance		Yen. 4,772,256

From the above it may be seen that about 88 per cent of the total expenditures for the Russo-Japanese War was covered by military loans, and that only some 10 per cent was paid by regular revenues such as tax receipts. Therefore, upon conclusion of this war, Japan found herself heavily burdened with public loans.

(5) *Participation in the World War (1914-1926).* Upon her declaration of war, Japan at once established a special military budget. It covered the period from July 1914 to 1926. Although it was originally estimated that, up to the end of 1922, the total of expenditures and receipts would be Yen 754,800,000 respectively, the actual disbursements were enlarged due to military activities after conclusion of the World War, including the campaign to Siberia. The final war budget claimed approximately Yen 881,661,000 under expenditures and about Yen 900,546,000 under receipts, leaving a surplus of some Yen 18,885,000. The receipts consisted of:

Bonds and loans	Yen.555,798,000
Allotments under ordinary accounting	305,605,000
Receipts derived from sales of government property	24,342,000
Receipts from government enterprises	2,635,000
Revenues of Karafuto (Sakahalin Island) district	1,085,000
Miscellaneous receipts	2,076,000
Total	Yen.900,546,000

It is noted from the above that over 60 per cent of the total was made up by military loans. The heavy burden of the loans and interest payments have had serious effects upon public finance in Japan during the years afterwards.

From the foregoing summary of Japan's military loans, which occupied a prominent place in her finance history, it is readily seen that, during periods of war activities, the volume of such debts increased by leaps and bounds; though, in ordinary times, there were also occasions for increases.

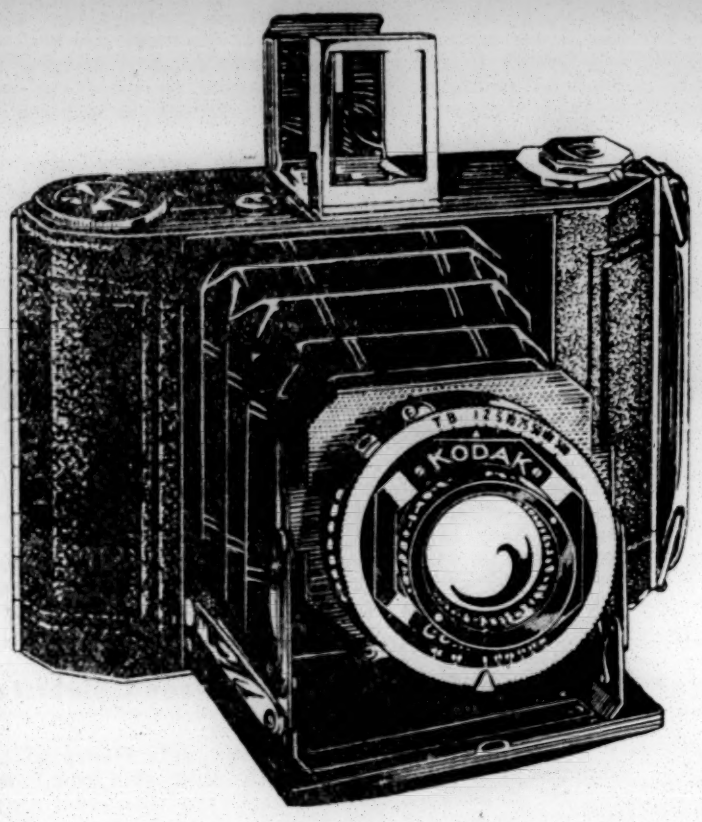
It is also evident that Japan's public finance has been seriously crippled by the heavy load of military loans, traces of which may still be found in her present financial burders. Of course, many of the old loans have been repaid, redeemed by new loans, or rehabilitated, and the exact amount of the old loans still outstanding is not ascertainable.

Consequences of Military Loans

The new military loans, floated following outbreak of the Manchurian situation on September 18, 1931, are stated as follows:—

(a) *Manchurian Affair Loans:* The loans floated in this connection from 1931 to 1933 are:

Year	*Date of Issue*	*Particulars*	*Amount*	*Total*
1931	March 16	5% Bonds	24,198,150	
1931	March 16	5% Bonds	39,173,400	
1931	March 17	Private loan	14,963,306	
1931	March 31	Private loan	7,579,161	
	Total for the Year 1931			85,914,017
1932	May 24	5% Bonds	50,000,000	
1932	July 18	5% Bonds	40,000,000	
1932	November 25	4½% Treasury notes	156,405,800	
	Total for the Year 1932			246,405,800
1933	March 30	4½% Treasury notes	64,327,800	
1933	September 4	4% Treasury notes	100,000,000	
Bonds, unissued			90,940,000	
	Total for the Year 1933			255,267,800
			Grand Total	587,587,617



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A portion of the 4½ per cent treasury notes issued in 1932 was used for the purpose of redeeming private loans made during 1931. Up to the end of the current year (1933), the total of military loans concerned with the Manchurian situation amounts exactly to Yen 565,045,150, which, however, covers only a part of the war expenditures incurred in this connection.

(b) *Armament Expansion*: The expenses for expansion of armament amount to Yen 239,980,000 which have been raised entirely through public loans. When this amount is combined with the foregoing, the total of military loans floated up to the end of 1933 shall be Yen 805,025,150.

Within an interval of two years, military loans amounting to over eight billion yen have been floated in Japan. According to present indications, the volume of military loans will likely further increase in the future. The grave consequences of this situation are self-evident.

Foremost, in importance, are the adverse effects upon financial circles. Ever since outbreak of the Manchurian situation, Japanese financiers have lost no time in providing means to meet military requirements. The change in banknote system serves to indicate the trend of events. Government loans are the only outlet for their surplus cash deposits, as there are no other ways of investing their money under economic condition. Eventually, this has become the general attitude of financiers, bankers and government authorities in Japan.

From the standpoint of financial circles, government bonds are the best of securities. Although the rate of interest is comparatively low, it is anyway better than nothing, as is the case with keeping cash in their vaults Moreover, they can also profit by selling and buying of the bonds in the market. In the absence of other and better outlet for the surplus funds, the present indulgence in bond marketing will continue to prevail.

According to the investigation of the Japanese Ministry of Finance at the end of July 1933, the total of deposits of Japanese banks has greatly increased (Yen 57,000,000 in excess of the figures for July 1932), but the amount of commercial loans and credit remains practically same as a year ago. The principal cause lies in the growth of national indebtedness which has advanced from Yen 1,880,000,000 to Yen 2,420,000,000. The fact that government bonds occupy over 50 per cent of the volume of bank securities is self-explanatory.

This anomalous situation in financial circles has further accelerated the depression in all productive industries, which, in turn, threatens to destroy the fundamental system of economic organization.

Secondly, military loans have had a direct bearing upon industries. The few lines of manufacturing industry that have flourished by the situation are those closely related to the supply of munitions. Under the present worldwide economic depression, the munition industry—including builders of warships, manufacturers of arms and ammunintion, chemicals and other war necessities, as well as such raw material and relative trades, have, alone, shown signs of activity. The impetus given the entire industrial world is quite accidental. In other words, the economical and financial systems of the nations have been "militarized." By such a militarization, a certain degree of industrial activity is maintained. However, this stimulation has done but little towards alleviating the conditions of unemployment and general depression.

Propaganda concerning disarmament and peace, and overtures of doing away with unproductive industries, are nothing but smoke-screens to hide the imminent dangers of economic collapse. In fact, nothing is done towards eradicating such a menace.

Thirdly, the social effects of military loans may be found from an examination of the consequences of expansion of paper currency and relief of unemployment and high wages. In this connection, a number of factors must be considered in order to obtain a correct preception of the situation.

According to investigations of the Japanese Bureau of Social Affairs on the employment problem of about seven million workmen, the following report may be interesting:—

Date:	*Number of men*:	*Unemployment*:	*Percentage*:
December 1929	6,941,987	315,269	4.54
December 1930	6,890,248	362,050	5.25
December 1931	7,047,713	470,736	6.68
December 1932	7,262,392	463,403	6.38
January 1933	7,245,302	444,032	6.13
February 1933	7,236,677	438,780	6.06
March 1933	7,261,918	424,287	5.84
April 1933	7,264,906	414,392	5.70
May 1933	7,268,774	429,295	5.91

From the above statistics, it is to be noted that the percentage of unemployment was on the increase at the beginning of business depression, but it has diminished following Japan's invasion of Manchuria in the latter part of 1931. Slight changes are recorded for the period from the end of 1932 to May 1933, but these are not of any importance. It must be pointed out, however, that the improvement in the employment problem is brought about largely by depression relief measures adopted by the Japanese government during the past few years, though to a small extent it is due to the military developments as well. Meanwhile, the increase of unemployment is usually more rapid than decrease, and as soon as the fundamental economical system is destroyed, unemployment will doubtless grow with great rapidity. The expansion of paper currency, too, is a more destructive than constructive element; and its result has already been unsatisfactory.

In this connection, the following "index numbers" of wages and prices of commodities as compared to the standards of December 1929 are self-explanatory:—

	Index number of wages	*Index number of prices:*		*Comparison of wages with cost of living*
		Wholesale	*Retail*	
1930 average	95.3	87.7	91.1	104.6
1931 average	87.3	74.0	79.4	109.9
1932 average	84.3	81.0	79.7	105.8
January 1933	84.3	98.3	88.9	99.1
February 1933	84.5	95.4	87.3	94.8
March 1933	84.7	93.8	86.9	96.8
April 1933	84.6	92.7	86.5	97.5
May 1933	84.5	93.5	85.9	97.8
June 1933	84.6	95.0	84.8	98.4
July 1933	84.5	—	85.2	99.2

These statistics are the average of fifty-two groups of factory workers and one hundred kinds of commodities in thirteen cities of Japan. As the investigation has not covered the entirety of Japan, the report does not show exactly the living conditions of the masses, particularly the peasantry, who sold their agricultural products cheaply and bought manufactured articles at high prices. Nevertheless, it indicates the general tendency in the situation. Generally speaking, the cost of living during the present year, based upon the index numbers of July 1933, is about 6.5% higher than the average of 1932 and about 11% higher than July 1932. When the cost of living increases, it means a virtual reduction of wages.

Eventually, the expansion of paper currency resulting from military loans will bring about double pressure upon the people's living. On the first hand, it gives rise to much disparity in wages and cost of living, that is, increase of prices usually precedes raise in wages and the former is larger than the latter in proportion. On the other hand, the reimbursement and interest payments of such public loans will be a heavy drainage on tax revenues—particularly such taxes as directly and indirectly affecting the living conditions of masses. In general, the multiplication of public loans and resultant expansion of paper currency under the present political and economic conditions will inevitably become a constant menace to the welfare of citizens.

Finally, stress must also be laid upon the adverse effects of military loans upon public finance.

Since the Manchurian affairs, the multiplication of military as well as other public loans has shown the seeds of uneasiness upon Japan's public finance. The more important aspects of the situation are stated as follows:—

(1) The value of government bonds has dropped steadfastly in foreign markets. According to recent reports, the American public have refused to accept the Japanese government bonds as securities in money transactions. Although there are a number of reasons for this, the uneasiness caused by Japan's enormous military loans is chiefly responsible.

(2) The uncertainties as to what the future holds for the military loans have badly shattered Japan's credit. The expansion of army and navy appropriations has simultaneously caused increases in allowances to other branches of the government; and, too, it evokes a widespread wave of armament expansion among the nations. Upon the threatening international situation, Japan's large military appropriations will become permanent in nature. In this connection, the Japanese Finance and War Ministers strongly declare that the expenses for the Manchurian situation have decreased in 1933 as compared to 1932 and that should peace and order prevail in Manchuria, the expenses would be further cut. At the same time, however, it must not be forgotten that the expenses for armament expansion, including execution of the so-called Second plan for the Japanese Navy, will be on the increase for years to come. Under the present adverse situation, it is utterly uncertain as to what the future tendency in world economics will be; whether the Japanese finance will ever return to any extent of normalcy; and whether her financial resources will be enlarged to meet her ever growing demand. The gloomy outlook is causing an acceleration of general uneasiness.

(3) The expansion of paper currency resulting from military and other public loans has served to boost prices thus elevating the cost of living. The factor will seriously affect the next budget. Superficially, it is thought that high prices will bring about increases in tax receipts; hence the Japanese Finance Minister is optimistic about the situation. But, will his optimism ever become a reality?

(4) The reimbursement and interest payments of military and other public loans constitute a grave financial problem. Aside from the fact that "contingent allowances" of a chronic nature have already rendered Japan's finance to a helpless situation, the multiplication of public loans floated following the Manchurian affair as well as their interest payments is further causing over-expansion of her budget. Thus far, the Japanese authorities have not formulated any plan for the redemption of the present public loans. On the contrary, they have recently dismissed the sinking fund system of public loans, which is not likely to be restored in the near future.

Birthday of Late Dr. Sun Yat-sen Celebrated November 12

The birthday of Dr. Sun Yat-sen, late leader of the Kuomintang and "Father of the Republic of China," was generally celebrated throughout China Nov. 12. A new statue of Dr. Sun recently erected in the proposed Civic Centre at Kiangwan was unveiled as part of the celebration in Shanghai. At Nanking the airplane *Huangpu*, purchased with funds contributed by the faculty and student body of the Central Military Academy, was formally named and handed over to the Government.

The memorial service held at Central Party Headquarters in Nanking Nov. 12 in commemoration of the late Party Leader, Dr. Sun Yat-sen, was largly attended. The meeting was presided over by President Wang Ching-wei, who delivered the memorial address.

B. A. T. Obtains Permission to Erect Factory at Mukden

The British-American Tobacco Company has succeeded in getting permission to erect a factory in the neighborhood of Mukden. This permission was granted as the result of the persistent efforts of Archibald Rose, who has been for some time in Changchun negotiating for a site which he considered most desirable, with the officials of the Manchukuo government and the Kwantung army. Objections at first raised by the Japanese army people were that the desired site, being near a military hospital at Liaoyang, the future tobacco manufacturing process would have bad effects on the patients.

Shanghai Joins World in Celebrating Armistice Day

Armistice Day was celebrated throughout the world Nov. 11. In the United States President Roosevelt bowed his head in silence at 11 o'clock at the tomb of the "unknown" soldier for a minute. Then his aides placed wreaths on the tomb and the official observance was ended. In Shanghai a large number of wreaths were laid on the Cenotaph. Ex-service men held a celebration at the Shanghai Club and Dean Trivett conducted a special service at the Cathedral.

Keels Laid for Two New Vessels for Chinese Navy

The keels of two new Chinese gunboats were laid at the Kiangnan Dock Nov. 13. Vice-Admiral Chen Hsun-yung, commander of the probationary squadron, was in charge of the ceremony. The two new gunboats will each be 140 feet long and of 25 feet beam and will be capable of running 11 knots. They will be equipped with two three-inch guns and four machine-gun posts. The launching is expected to take place middle of February.

Canton Plans Large Factory for Munitions to Cost Four Millions

In accordance with the three-year plan for the reconstruction of Kwangtung, the Canton military authorities are considering the establishment of a large munition factory in the Pakong district, in North Kwangtung, at a cost of $4,000,000.

A conference which was held at Foochow during the week between the leading figures of the 19th Route Army. General Tsai Ting-kai arrived at Foochow Nov. 18 from Changchow by airplane specially to attend the gathering. It is said that the Fukien authorities have also requested Hu Han-min to come up to Foochow.

Following the recent military resignations, a reshuffling of garrisons on the East River is being effected with a view to strengthening the provincial defence. According to authentic reports, the Independent Fourth Division, under the command of General Teng Lung-kwang, is being transferred from Shiukwan to Waichow, the strategic centre of the Tung Kiang.

Japanese Impressed by Hu Han-min

After a brief visit, Mr. Sugimura, well known Japanese statesman, left Canton Nov. 14 for Hongkong. He is returning to Tokyo via Formosa. He declared that he was greatly impressed by Hu Han-min, whom he interviewed at Hongkong, and said that in his opinion Mr. Hu was the most intelligent man in the Far East and should be utilised to shape China's destinities.

Li Hsien-keng, an important official of the Canton South-west Political Council, conferred with Hu Han-min at Hongkong end of last week. It is said that Mr. Li proceeded to Hongkong at the special order of the Council.

The Japanese consular conference recently held in Formosa, which was attended by all Japanese consuls in South China, has come to an end. It is understood that among the decisions reached at the conference was one providing for an increase in the number of Japanese police in all Japanese consulates in Fukien and Kwangtung.

General Chang Fa-kwei, the commander of the famous "Ironsides" Fourth Army, who is now in London, has declined to accept the invitation of General Chen Chi-tang to come to Canton to rejoin the army.

General Chen Ming-shu and General Chiang Kwang-nai arrived in Foochow by airplane Nov. 12 after a conference with General Tsai Ting-kai at Changchow. General Tsai is still at Changchow directing operations against the Communists on the Fukien-Kiangsi border.

It is reported here that General Fang Chen-wu, the rebel general who recently rose up against the Government in North China, has gone to Canton on board a Dutch steamer.

Martial law was suddenly declared at Canton on the night of Nov. 9 and a rigid search was made throughout the city.

General Chen Chi-tang took over the command of the 2nd Army (Kwangtung) Nov. 9. The resignation of General Hsiang Han-ping from his post as Commander of the 2nd Kwangtung Army was accepted by the South-western Political Affairs Committee Nov. 8.

Wu Hou-an, representative of General Liu Hsiang of Szechuen, arrived in Canton Nov. 7. Immediately after his arrival he made a round of calls on all military and party leaders in Canton.

Ou Fang-pu, the provincial commissioner of finance, has been selected chairman of the Kwangtung Economic Conference scheduled to open in Canton on Nov. 22.

The South-west Political Council has issued an order to government employees, school teachers and students forbidding them to wear clothes made of foreign material.

The Ministry of Railways has decided to bring up the questions of the revision of the existing Canton-Kowloon Railway Agreement with the British Government on the ground that the existing document is unfavorable to China.

The construction of a highway linking Yingchow with Nanning, the Kwangsi capital, will be started in the near future. Yingchow is in south-western Kwangtung, while Nanning is 85 miles north west of Yingchow.

Chinese Students Deported from Japan for Taking Photographs

Four more Chinese were deported from Japan last week. The charges against them were that they took photographs without the previous sanction of the Japanese police authorities.

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Reds in Szechuen Threaten Upper Yangtze Traffic

(From The Review's Correspondent at Hankow)

RED Commander Ho Lung, far from being defeated in western Hupeh, is moving his army northward toward Wanhsien, and was last reported to be only 60 miles away. Across the Yangtze his colleague Red Commander Hsu Hsiang-chien has met with slight reverses, losing Suiting, 70 miles northwest of Wanhsien, to the government troops under General Fan Shao-tseng. The casualties were reported as being quite heavy on both sides, 700 sustained by the government troops and 1000 by the Reds. However, the Reds had drained the place dry before departing carrying away 3,000,000 piculs of rice, 90,000 recruits for their army, $1,000,000 in cash, 20,000 rifles, and 10,000,000 rounds of ammunition. The strategy of the Reds appears to be to strengthen the fighting force, rather than retain certain areas. Having captured and plundered a city they quite readily relinquish it if it has no particular strategic value from the strictly military point of view. Just at present Wanhsien, the Gate Way city of the vast province of Szechuen, seems to be the apple of their eye and fighting is still in progress around Kaihsien, 20 miles north of this strategic port. Should the Reds gain control of this civil-war-ridden province, it is likely that many of the minor Red bands and armies in other parts of China would gravitate to the west and form an even stronger front against the government of China. It would appear that this is the psychological moment for the Red propaganda here. The people have been almost bled to death financially, due to the internecine warfare of the warlords since the revolution of 1911. In some instances the people have paid their taxes for the year 1970. The resulting discontent engendered provides excellent grist for the Red propaganda mills. And they have not spared the present military rulers, but by their insidious schemes have won the common people to their cause, especially by their high promises of a future paradise. To this incipient paradise belongs a sovietized Szechuen, and the first step is the capture of the most strategic city of Wanhsien. With Szechuen corked up, they could operate on the vast self-sustaining and almost self-contained area to the southwest, west, and northwest of Wanhsien, caring little for Chinese or foreign traffic on the Yangtze. With Ho Lung and his very mobile troops still a free-lance on the southern banks of the Yangtze, he would be in a convenient position to harass river traffic all the way from Shasi and Ichang up to Wanhsien.

After having conferred with Wang Ching-wei, President of the Executive Yuan, and with the newly appointed Finance Minister, Dr. H. H. Kung, General Chiang Kai-shek has gone to the front to conduct his anti-red campaign in Kiangsi province, fully determined to accomplish the unification of all military forces in China under one leadership. Bloody fighting is in progress in Ihwang, a small place south of Funchowfu, according to reports from Nanchang.

General Ho Chien Takes Personal Charge

On the western front General Ho Chien, chairman of Hunan province and commander-in-chief of the West Route Anti-Red Armies has taken personal charge of the troops in the Pinghsiang sector. He is determined not to allow any overflow of Reds into his ordered and fairly prosperous province. Even though his eastern defenses and borderline garrisons are not too strong, still he is making the best use of his men and equipment.

A big haul by government troops in the Kiangsi Hupeh-Hunan sector is reported from Kiukiang. The soviet center at Ta-wu-shan in Wuninghsien, northwestern Kiangsi, has been raided by government troops under General Kou Ehr-tung, and 1500 bandits killed and 2000 taken prisoners. Communistic literature in great abundance was found, including 5000 important Red documents and 2000 packages of propaganda pamphlets, etc. Between 1200 and 1500 political prisoners were freed and more than 8000 people regained their freedom. These troops now have high hopes of ridding northwest Kiangsi of the Red menace.

Hankow, November 13, 1933.

Cuban Rebels Are Defeated, But Trouble Still Looms

The civil war in Cuba took a desperate turn Nov. 8 and 9, when rebels who were trying to reinstate the former President, Cespedes, took possession of Fort Atares. President San Martin look active measures promptly, whereupon 700 of the rebels surrendered. About 200 were killed and 180 wounded in the incidental fighting. The U. S. maintains its non-intervention attitude, although U. S. warships have again been dispatched to Havana.

An American named Allen has been arrested in Havana for taking part in revolutionary activities. They Island has started on its way back to calm and order after the two bloodiest days in its history. The rebels have all surrendered, following their troops, at the hands of Colonel Batista's loyal Nearly one thousand rebels made prisoners are being held in the fortresses pending their court martial. The army authorities are asking for the death penalty of the threeprincipal rebels.

Ominous rumblings of revolt are again audible outside Havana. Matanzas and Camaguey provinces are quiet though tense, but trouble is reported to have broken out at Santa Clara and Oriente. Reports received from Santiago de Cuba state that the whole region of Puerto Pedro is in revolt and that garrison troops are joining the rebels.

The Chinese consul-general at Havana, Nov. 13, demanded the protection of government troops for Chinese nationals resident in the city. During the course of the fighting a number of Chinese homes were entered and ransacked.

Airplanes Will Shorten Mail Service Transit to Kweiyang, Kweichow

Chung Chun-yuen, director of the Chinese Post Office in Kweiyang, Kweichow province, arrived in Shanghai last week on a brief vacation which he is spending here. Mr. Chung stated that although political conditions in Kweichow province are greatly disturbed, there is great interest in the proposed establishment of an air-mail service between Chungking and Kweiyang, which will greatly reduce the time for mail service between Kweichow and other parts of China. Mr. Chung stated that it required 15 days of steady travel for him to reach Chungking in order to board a steamer for Shanghai. According to present plans the air-mail extension from Chungking will touch at Kweiyang and Yunnanfu and later may be extended to Kwangsi province and Kwangtung where it will link up with the Shanghai-Canton service. At present all mail for Kweichow province is sent by way of Chungking on the Upper Yangtsze.

The Philippines Have a Gold Boom

Stimulated by the world-wide frenzy for gold, the Philippine Islands this year expect to become one of the world's important gold producing countries. Filipino investors have turned their attention from sugar, the island's leading crop, to gold mining. Prices for shares in the leading mining companies are booming upward on the Manila mining exchange. The turnover of shares is heavy. It is predicted that the Mountain province of Benguet, of which Baguio is the capital, soon will yield more gold than the continental United States, which in 1932 produced more than $52,000,000. In 1931, with only three mines in operation, the Philippines produced $3,596 900 worth of gold, according to the U. S. Bureau of Mines. Production last year approximated $10,000,000

Nanking Government Plans to Establish Electric Plant

Plans for the establishment of a Central Electric Manufactory are occupying the attention of the Ministry of Communications. The suggested works are to manufacture all electrical appliances for Chinese consumption, and particularly, to supply electrical accessories for Chinese government-owned telegraphs, cables, telephones and wireless telegraphy. Initial capital is set at $4,000,000. $450,000 is to be spent on the plant and lot, $50,000 for preparatory and installation expenses, $1,500,000 for current capital, and $2,000,000 for the purchase of machines and other apparatus.

Preparations for New World War Seen by Soviets

A stern warning that there must be no further disarmament on the part of Great Britain was sounded by Winston Churchill in opening a preparedness drive in the House of Commons Nov. 7. "We have disarmament to the verge of risk and a great responsibility rests on the ministers for defense to see that adequate provision is made for our safety," Mr. Churchill said.

In an article dealing with the international situation, the organ of the Soviet Government, *Izvestia* Nov 3 cited facts regarding the increased construction of military and naval aircraft, by the U. S. A. and Great Britain, following the Japanese example. The article pointed out that the values of certain British aviation concerns have risen by 50 to 100 per cent during the past few months. This increased activity of British imperialism in its military preparations is regarded by the Soviet newspaper as the reflection of the aggravation of imperialist contradictions, and an indication of the preparation of a new world war.

The Japanese Foreign office announced Oct. 30 that it is too early to determine whether Japan will withdraw from the Disarmament Conference of the League of Nations. The Japanese standpoint is that Japan was not wholly agreeable to the British proposal concerning security and safety and the supervision of armament and therefore Japan will request the revision of the British plan. However, the Japanese Foreign Office emphatically repudiated any suggestion that the failure of the Disarmament Conference is to be laid to her doors.

The High Commissioner of the League of Nations in Danzig, M. Rosting, (Denmark) has requested a meeting of the Council of the League to discuss the constitutionality of the action of Danzig police in suspending two Danzig newspapers for publishing the speech of the vice-President of the Senate, Dr. Greiser, instructing the Danzig police that they must hold Nazi opinions.

A Laborite motion censuring the disarmament policy of the British Government was defeated in the House of Commons Nov. 13 by the overwhelming vote of 409 to 54, following a debate in which Britain was charged with encouraging Japan's Manchurian policy.

Arthur M. Henderson is seriously considering resigning the presidency of the Disarmament Conference as a protest against the increasing lack of interest in the parley's work. The failure of the various governments to be represented at recent meetings of the Steering Committee except by minor officials angered Mr. Henderson.

A further blow to the Conference's rapidly dwindling hopes of accomplishing any really material results was struck by Japan Nov. 13 when Ambassador Satoh told the Armaments Control Committee that Japan might be unable to accept supervision of armaments. Tokyo, its spokesman indicated, is especially disinclined to agree to the provisions regarding investigation.

Reign of Terror in Siam---A Revolt that Has Cost Millions

A condition approaching a reign of terror is now operating in Siam as a sequel to the recent rebellion, according to messages from Bangkok. Wholesale arrests are being made by secret police and it is alleged that the prisoners are kept in unsatisfactory conditions. The number of prisoners is secret, but the military courts are still busy dealing with a long list of cases. It is estimated that the revolt cost Siam nearly U.S. $5,000,000.

Guerilla fighting is being carried on in north-east Sima against the insurgents.

Central Bank of China Examination Discloses Adequate Reserves

The supervisory committee of the Bank of China announces Nov. 10 that the total amount of dollar notes and subsidiary coin notes in circulation is $67,743,468.00 The reserves consist of cash $55,477,468.00 (of the above $51,607,915.00 sum is kept in Shanghai Office, the balance $2,666,418.00 is kept in Branches and Sub-branches, $1,803,135.00, is kept in Local Banks), and securities, $12,266,000.00, making a total of $67,743,488,00. Total amount of customs gold unit notes in circulation is C.G.U.416,715.40 against which an equal amount of gold bars is kept in the Shanghai Office.

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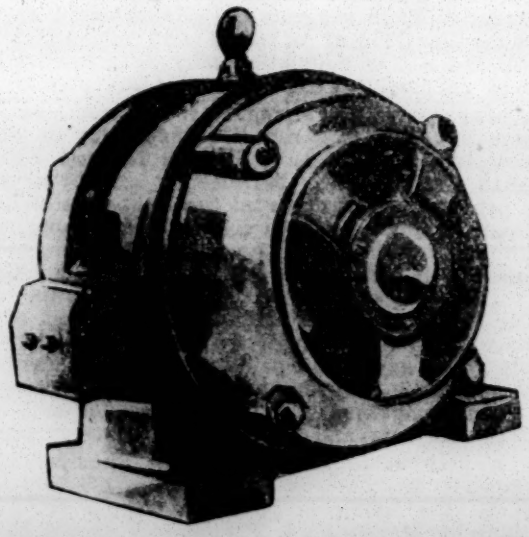

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General Huang Confers With Mongol Leaders at Pailingmiao

General Huang Shao-hsiung (Minister of Interior) and Chao Pei-lien (Vice-Chairman of the Mongolian and Tibetan Affairs (Commistion), Pacification Commissioners to Inner Mongolia, accompanied by General Hsu Ting-yao (Commander of the 14th Army) and an armed bodyguard, arrived at Pailingmiao from Kueihua on November 10 to confer with the Mongolian leaders on the autonomy issue. They were accorded a colorful welcome by the Mongolian princes and dukes assembling there in rites reminiscent of the imperial days of the Ching Dynasty, among whom were Prince Teh, Vice-President of the Silingol League, Prince Yun, President of the Ulan-Tsab League, (leaders of the Mongolian autonomy movement), and the Panchen Lama who is now in Pailingmiao.

As a measure of precaution, the residence and offices of the two Pacification Commissioners are closely guarded by a regiment of the Suiyuan Provincial Forces and a special detachment of Mongolian troops. A party of wireless experts has also arrived at Palingmiao from Peiping to maintain wireless communication with the Peiping Branch Military Commission during the stay of the two Government Envoys in Mongolia. ,

Shortly after their arrival, General Huang and Mr. Chao held a preliminary and informal exchange of views with the leading Mongolian Princes regarding the question of autonomy for Inner Mongolia which is reported to be cordial and satisfactory. It is understood that the Mongolian leaders have indicated a willingness to recede from their original demand for full autonomy after having been persuaded by General Huang to reconsider their position. It is believed that the result of formal negotiations which are to begin soon will be the institution of local autonomy among the various Mongolian Banners and Leagues under the direction of the Central Government. After a brief stay at Pailingmiao, the two Government Commissioners will proceed on a tour of inspection to the various Leagues and Banners in Inner Mongolia, after which they will return to Kueihua.

In connection with the Inner Mongolian movement for local autonomy, the Executive Yuan, in a declaration to the people of Inner Mongolia Nov. 14, declares that while the Government has every desire to see their wishes realised, it doubts whether some of the conditions essential for the successful working of local autonomy, such as political training on the part of the people and a certain minimum degree of economic development, have already been attained. As a preparation for the complete enforcement of local autonomy, the Executive Yuan suggests the establishment under the Provincial Government of some sort of special organ whereby the native population may be given an opportunity of participating in the local administration.

A telegram from Peiping Nov. 14 circulated by the Japanese *Rengo* agency reported that since its declaration some two months ago by Princes Teh and Yung, the Mongolian Independence Movement has been making steady progress. It is reported that, notwithstanding his best possible efforts, General Huang Shao-hsiung, so far, has not been successful to pacify the movers, bringing them under the official directions of Nanking Government. The telegram further alleged that an understanding has been reached between Dalai Lama of Tibet and Inner Mongolia, through the activities of the Young Mongols Party and Lama priests in Inner Mongolia, for mutual assistance towards each other's independence and also that the movement in Inner Mongolia will be extended to Ningshia and Chinghai by next spring.

In a petition to General Huang Shao-hsiung and Chao Pei-lien, the various public bodies of Suiyuan recommended the following points regarding self-government in Inner Mongolia: 1. The Banner should be made the unit of self-government under the direct jurisdiction of the Provincial Government concerned. 2. The right of self-government should be granted to the Mongolians only after an appropriate period of training and preparation. 3. The Government should assist the Mongolian people in the realisation of genuine self-government in Inner Mongolia by curtailing the usurping powers of the Mongolian Princes and tribal Chiefs.

The Panchen Lama, according to a telegram from Peiping Nov. 10, will come to Nanking before end of this month to report to the Government on the situation in Inner Mongolia. While *en route* to the Capital, the Tibetan Chief is expected to stop at Peiping for a brief period.

Shih Ching-yang, Chairman of the Mongolian and Tibetan Affairs Commission, denied his reported intention of resigning on account of the difficulties arising from the Mongolian autonomy movement.

The Educational Committee of the Mongolian and Tibetan Affairs Committee was formally organised Nov. 6 at Nanking. The Committee at present consists of three sections: namely, Examination, planning and editorial.

Interviewed at Tsinan on his way to Peiping Nov. 8, Dr. C. T. Wang, former Minister of Foreign Affairs, announced that if time permitted, he would make a trip to Inner Mongolia to inspect conditions. He added that the demands of the Mongolians for autonomy were quite proper, provided they were not inspired by outside influences.

A mail story from Suiyuan in the *Peiping Morning Post* November 3 gave a graphic account of the situation in Inner Mongolia. According to the dispatch, the relations between the Chinese and Mongolians in Inner Mongolia are extremely cordial and there is very little racial discrimination in that region.

There are four Banners in Northern Suiyuan: namely, the Red Banner, the Yellow Banner, Blue-Bordered Banner and Red-Bordered Banner. The total area occupied by these Banners extends to 1,123,000 Chinese *li*. Of this area 537,000 *li* have already been converted into a regular Chinese province, with cities and towns. The remaining 586,000 li are still pasture ground for the Mongolians. As a matter of fact, about half of the territory in Suiyuan is in the hands of the Mongolians, although the Mongolian population only constitutes one-thirteenth of the total population of Suiyuan.

The organization of the Mongolians is rather unique in this century. They still follow the system left behind by an age-old feudal system. According to their present organization, every Banner has a prince as its head and every Group of tribes a Chief. In the days of the Manchu Dynasty the Chief of Groups was the most powerful figure in his territory. But now, the power has fallen into the hands of the princes, and the Chiefs are merely figure-heads. All these posts are hereditary. The Mongolian people are servants to these princes and chiefs and are heavily oppressed by these princes.

Of the thirteen small sub-Banners in Suiyuan none of them has a force of more than a thousand men. Even these are not properly armed. Some carry hunting guns while others have no guns at all. The total number of these Mongolian forces does not exceed 5,000 men. Most of them are horsemen.

There is little or no education in Inner Mongolia. The princes and Chieftains are unwilling to see their people educated fearing that some day they might rise up against them after they have received enlightenment. So far there is no school in the different Banners and Groups as a direct result of the princes' objection. Even those Mongolians who have received education in China cannot return to their respective Banners as they are regarded as dangerous elements by their rulers.

The recent autonomous movement in Inner Mongolia was first started by the Mongolian princes and later supported by the Mongolian youths, but they advocated autonomy for two opposite reasons. The princes themselves do not know much concerning autonomy. They joined the movement purely at the instigation of Prince Teh, of Chahar Banner, who in turn was instigated by the Japanese. The final object of Prince Teh is to establish an independent government in Inner Mongolia and separate that territory from China. Actually his proposal is receiving very little support among the Mongolians, but as most of them are uneducated they are at a loss to know how to break up the movement.

The *Central China Daily News* on Nov. 14 commented: "The burning question to-day is the demand of the Mongolians for local autonomy. We understand the Mongolians are climbing down from their original demands and now request that the autonomous government in Inner Mongolia shall be placed under the direct control of the Central Government, instead of under the Chahar and Suiyuan Provincial Governments. This is a gesture on the part of the Mongolians to elevate their position. We should suggest that the Government should agree to their demand instead of bargaining further. It will be recalled that, ever since the days of the Manchu Dynasty, no attempt has been made to interfere with the internal affairs of Mongolia. In fact, local autonomy has been established since the Manchu Regime. So the establishment of an autonomous government in Inner Mongolia to-day does not in the least affect the position of the Government. The Government should not hesitate to take advantage of this easy issue. Further hesitation may invite unexpected complications."

Dr. Lo Wen-kan Returns to Nanking After Eventful Sinkiang Trip

Dr. Lo Wen-kan, Minister of Justice and Government's Special Commissioner to Sinkiang, returned to Nanking Nov. 11 after an arduous and eventful trip to that border province during the past two months. Dr. Lo arrived at Tientsin from Vladivostok Nov. 8, travelling aboard a Norwegian steamer and after spending a day in Tientsin, was entrained to the Capital by the Tientsin-Pukow Railway.

In the course of a statement issued upon his arrival at Tientsin, Dr. Lo intimated that fighting between Gens. Shen Shih-tsai and Ma Chung-ying had again broken out and that the situation in Sinkiang could not be regarded as satisfactory. Dr. Lo recalled that he left Nanking by airplane on Aug. 25 and arrived at Hami, eastern Sinkiang, on Sept. 2. After a brief stay there, he proceeded to Tihua. Subsequently, he visited important cities in Sinkiang including Turfan, Ili and Tacheng. After completing his tour in Sinkiang, he crossed over to Soviet Russia and, while there, had a meeting with Dr. W. W. Yen, the Chinese Ambassador. He denied, however, having held any conference with Mr. Karakhan or any other Soviet officials.

During his stay in Sinkiang, he said he had endeavored to smooth out the differences between the various leaders. Although Gen. Liu Wen-lung (Chairman of Sinkiang) and Gen. Ma Chung-ying (the Mohammedan leader), expressed their willingness to abide by his advice, Gen. Sheng Shih-tsai, however, decided to resume hostilities against Gen. Ma and the province was consequently plunged again into strife. Describing Sinkiang as a land of inestimable possibilities, Dr. Lo declared that at present, conditions were highly unsatisfactory owing to years of misrule, for which the late Chairman, Gen. Chin Shu-jen must be held responsible. What Sinkiang needed was peace and orderly government, Dr. Lo declared.

Questioned concerning relations with Russia, he said that negotiations for the conclusion of a Sino-Russian Non-aggression pact had been initiated before he left on his mission to Sinkiang in August, but the news had only recently been released.

Speaking of his hurried travels in Russia, Dr. Lo observed that remarkable progress had been made in Soviet Russia, especially along lines of industrial development. He said he was particularly impressed by one fact that only those who worked got their bread and butter and that anyone willing to work was assured of a living. He remarked that there would be very little chance in Russia for some of China's modern women who idle away the whole day dancing and playing-mah-jongg.

Referring to the utter financial chaos in Sinkiang, Dr. Lo mentioned that as a result of the inflation on the part of the Sinkiang authorities, one Chinese dollar could be exchanged for a roll of notes worth 70 taels.

Finally, he said that the present troubles in Sinkiang are largely due to the high-handed actions of Gen. Chin Shu-jen, the former Governor, and not to racial or religious conflicts. The solution of Sinkiang imbroglio cannot be achieved by force. The Central authorities, he said, must formulate measures to cope with the situation.

Speaking at a press intetrview at Nanking Nov. 12, Dr. Lo recalled that during the administration of Gen. Yang Tseng-hsin, who was governor of Sinkiang for seventeen years, the province had enjoyed comparatively peace and tranquility. Although General Yang's policy was dictated entirely by selfish motives, his tact and resourcefulness prevented serious disturbances. Since Chin Shu-jen succeeded to the Sinkiang administration, however, the people had been subjected to most intolerable oppression and extortion. The general discontent culminatetd ultimately in the disturbances of 1931.

Military hostilities were brought to a temporary cessation in April this year when, following the flight of Gen. Chin Shu-jen. Liu Wen-lung and General Sheng Shih-tsai took charge of political and military affairs. The situation in soutthern Sinkiang remained however in a state of confusion.

During his trip, Dr. Lo said, he was deeply impressed by the scenes of desolation he witnessed. What were once populous cities were now only ruins with the inhabitants suffering dire privations. Finances were in utttter chaos and trade was suffering from steady decline. The situation, in a word, was fraught with dangerous possibilities.

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Convinced that the first step towards solution of the situation was to secure peace and stop military operations, he had exerted himself mainly to prevail upon both the authorities and the people to desist from further military activities. His appeal met with apparently sympathetic response, and it appeared at first as if the situation would be settled without much difficulty.

Just when he was about to send a deputy to Nanking to report to the Central Government, all his hopes for a peaceful settlement faded overnight, General Sheng Shih-tsai having suddenly decided to resume hostilities.

Nevertheless, although conditions in the province were most unsatisfactory, they were not however beyond remedy, Dr. Lo continued. He had already formulated a memorandum which he would shortly submit to the Government.

Drawing attention to the extensive natural resources of Sinkiang, which, he believed, equalled those of Manchuria, Dr. Lo emphasized that the first task at present was to bring to an end the military disturbances. Among other things, he mentioned the following measures as essential in any solution of the situation:—(1) Establishment of the Rule of Law; (2) Development of Communications; (3) Readjustment of Finances and (4) Spread of Education.

Dr. Lo concluded by pointing out that apart from the above, other questions such as diplomatic relations, also called for immediate solution.

Dr. Lo left Nanking Nov. 14 for a visit to Nanchang, Kiangsi, for a conference with Gen. Chiang Kai-shek, President of the Military Affairs Commission, on the Sinkiang situation generally. Dr. Lo announced that he would resign from both of his posts as Minister of Foreign Affairs and Minister of Justice and to retire from active political life after he has made a report on the result of his mission to Sinkiang to the Government.

Dr. W. W. Yen, Chinese Ambassador at Moscow, has wired the Government, tendering resignation from his post. He has asked the Government to grant him a leave of absence to return to China. In view of the strained relations between Japan and Russia at present, the Ministry of Foreign Affairs has instructed Dr. Yen to postpone his return to China.

Commenting upon the return of Dr. Lo Wen-kan to Nanking, the *Sin Wan Pao* in an editorial on Nov. 13 urged that Dr. Lo should not resign from his present posts in the Government, as he announced at Tientsin, but should take full advantage of his newly acquired knowledge of Sinkiang for effecting a fundamental solution of the troubles in the North-west. If he resigns immediately upon his return, the article pointed out, he would defeat the purpose of his mission entirely.

Sinkiang Warlords Mass Troops for Major Struggle

According to a dispatch received at Nanking from Tihua, Capital of Sinkiang, Nov. 12, Gen. Ma Chung-ying, the rebellious Mohammedan leader and rival of Gen. Sheng Shih-tsai, Border Defense Commissioner of Sinkiang, is now reforming his troops at Hami with the intention of making another attempt to overthrow the Sinkiang Provincial Government dominated by Gen. Sheng. Gen. Ma is said to have secured the assistance of a portion of the Sinkiang natives in his new campaign. On the other hand, Gen. Sheng is also concentrating his troops at Tihua and perfecting preparations for a determined attack on Hami, the principal base of operations of the Mohammedan General. Fighting on a major scale is expected to be renewed shortly.

Reporting on the movements of Gen. Ma, Liu Wen-lung, (Chairman of Sinkiang Provincial Government) and Gen. Sheng Shih-tsai, in a telegram to the Government Nov. 10, stated that the Mohammedan rebel General, leading a force of 8,000 men in Hami, is establishing contact with bandits. Pursuant to instructions from the Central Government, the telegram said, they had stopped their pursuit of the insurgents. Besides requesting Lt.-Gen. Ma Pu-fang of Kansu, Commander of the 9th Division, to check the rebels on the Sinkiang-Kansu border, extra precautionary measures have been taken by the Provincial Troops. The disposal of the trouble by the Central Government is being awaited.

A Peiping telegram Nov. 13 reported that Gen. Ma Chung-ying has met with another defeat at the hands of the provincial troops under General Shen Shih-tsai. Gen. Ma's forces are now reported to be concentrated at Hami, with the intention of making a further withdrawal into Kansu. The Kansu authorities are reported to have decided not to permit Gen. Ma's troops to enter Kansu territory, and feverish warlike preparations are being made on the Kansu border to check the advance of the Mohammedan forces. Fighting on the Kansu border is expected to break out shortly if General Shen Shih-tsai's troops should press further eastward.

The Eurasia Aviation Company at Shanghai has received a telegram from Gen. Sheng Shih-tsai, declaring that, pending the settlement of the Sinkiang situation, aeroplanes will not be permitted to fly over that province or the Sinkiang authorities will not hold themselves responsible for the safety of these aeroplanes.

The Mohammedan organizations at Shanghai, Chekiang, Shantung, Hopei and Kiangsu have severally sent their respective representatives to Nanking in connection with the Chin Shu-jen case. It is understood that they will soon submit a joint petition to the Government urging the immediate execution of Gen. Chin Shu-jen, former Chairman of Sinkiang who was recently arrested by the Nanking Government.

To strengthen the North-western border defense and to develop that part of the country, the Central Government is contemplating the appointment of a Defense Commissioner for the North-western Border. As soon as the scheme is approved by the Central Political Council, an important official will be entrusted to make preparations for the establishment of the Defense Commissioner's Headquarters.

General Sun Tien-ying's Troops to Spend Winter in Suiyuan

The situation in the Northwest created by the attempted march of Gen. Sun Tien-ying's 41st Army through Ninghsia and Kansu to Chinghai (Kokonor) to assume his new appointment as Reclamation Commissioner there has become easier as a result of the exchange of views between Gen. Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters and Gen. Ko Kwang-ting, representative of the Central Government regarding the disposition of Gen. Sun's men in Suiyuan. Through the persuasions of Gen. Ko, the Shansi leader has agreed to permit Gen. Sun's forces to spend the Wintter in Suiyuan. But Gen. Yen made it fully understood that Gen. Sun's Army could remain only for four months, after which they are to evacuate Suiyuan. This arrangement has at least postponed the crisis in the North-west till next year.

Meanwhile, Gen. Sun has been officially instructed by Gen. Chiang Kai-shek, President of the National Military Affairs Commission, to postpone the transfer of his units to Chinghai and to pass the Winter along the Suiyuan-Ninghsia border pending further instructions. The engineering regiment attached to the 41st Army at Tsing-cheng, south-eastern Shansi, has departed northwards to join the Army in western Suiyuan, a Taiyuan message reports. Gen. Sun has appointed Lt.-Gen. Lo Feng-nien, former divisional commander of the Shansi troops, as Commander of the 10th Division attached to his Army.

The representatives of different tribes in Chinghai, now visiting Nanking, called on Wang Ching-wei, President of tthe Executive Yuan, appealing against the dispatch of Gen. Sun Tien-ying's men to Chinghai. They were received by Pang Hsueh-pei, Director of Political Affairs of the Executive Yuan, who informed them that the Government had already remitted $300,000 to Gen. Sun and instructed him to remain in his present posts, instead of marching westward.

The Government just received a telegram early this week from the Ninghsia Provincial Government, reporting on famine conditions in that province. According to the report, about two-thirds of the province are suffering from a disastrous famine and three millions of people are on the verge of starvation unless relief is forthcoming. The Government has referred the case to the consideration of the National Economic Council.

Philippine Government Refuses Airway Franchise to Pan-American Airways

The Pan-American Airways, which had hoped to extend he proposed Shanghai-Manila commercial line to the outhern Islands of the Philippine group, has been denied a franchise for establishing a local service between various Island cities. The House of Representatives committee on franchises last week reported against granting such a franchise until a further study is made. Hence no action is contemplated before 1934.

Who's Who in China

呂苾籌字遵葆
Lu Pi-cho'u

Lu Pi-Cho'u, Government official; born at Yi-Yang, Hunan, 1880; secretary of the Headquarters of the Generalissimo, Dr. Sun Yat-sen in Canton, 1924-25; secretary of the Nationalist Government, 1927, and Chief Secretary, 1927-28; Chief Secretary of the Exective Yuan, 1928-31 and concurrently, Acting Head of the Department of Civil Officials of the Nationalist Government, 1931; Commissioner of Civil Affairs of the Chekiang Provincial Government, since 1931; Address: Department of Civil Affairs, Chekiang Provincial Government, Hangchow, Chekiang.

呂苾籌，字遵葆，現年五十三歲，湖南益陽人，民國十三年任孫大元帥大本營秘書，十六年任國民政府秘書，十六年至十七年任國民政府秘書長，十七年任行政院秘書長，二十年兼代理國民政府文官長，現任浙江省民政廳廳長，地址，杭州浙江省民政廳。

Nearly All Countries Agree Not to Recognize Manchukuo

M. Avenol, Secretary General of the League of Nations announced Nov. 8 that ten Governments, including the United States, had replied regarding non-recognition of Manchukuo. The United States and other governments are prepared to ignore any requests that may be made by Manchukuo for accession to any international treaties. The Siamese Government replied that Siam was not concerned in the matter. Manchukuo is referred to as "Manchuria and Jehol, also known as 'Manchukuo'," in the Leauge opium advisory committee's report; this indicates a virtually unanimous sentiment among leading Governments in favor of a continued non-recognition policy.

M. Andre d'Olivier who had been negotiating with the South Manchuria Railway Company, called on Mr. Ishimoto, Director of the General Affairs Bureau of the Railway in Dairen, Nov. 11 and conferred regarding the projected Franco-Japanese-Manchukuo investment syndicate.

Altogether 150 Manchurian coolies, who have been engaging in the alluvial gold mining in Soviet Russia are stranded at Blagoveschensk, owing to the refusal by local Soviet authorities to grant them permits to return to their country.

Manchukuo's foreign trade during last September was featured by a further gain in both exports and imports, and by an excess of imports amounting to $26,244,957, which set a new record for this year. According to an official announcement by the Department of Finance, exports amounted to $29,951,240, while imports totalled $56,196,197.

Twenty-five thousand workers and toilers participating in a huge demonstration in Vladivostok on the occasion of the sixteenth anniversry of the October Revolution expressed their readiness to defend at any moment the Far Eastern borders of the U.S.S.R. The parade of military units with their technical equipment was enthusiastically hailed by the demonstrators.

"The Seaboard Route to the North"

Travel on The

Peping-Liaoning Line

Starting at Peping, the ex-capital of China, called the most interesting city in Asia, with its intricate systems of walls, its Imperial palaces and its beautiful temples and tombs the Peping-Liaoning Line goes down to Tientsin, the great port of Chihli, and from there swings in a wide circle on its pathway to the north. From Lanchow to Chinchow the railway follows the line of the Gulf of Chihli, passing through Shanhaikwan, where the Great Wall ends at the sea, and thence on to Mukden, the ancestral home of the Manchus, a city which vies with Peping in its splendor of palaces and temples and ancient shrines.

Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Chosen (Korean) and Imperial Japanese Government Railways. At Peiping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

Men and Events

The Philippine legislature has approved a bill providing woman suffrage.

Direct express service to Peiping on the Tientsin-Pukow Railway was scheduled to be started Nov. 16.

The Shanghai branch of the Japanese Navy Association has been inaugurated in the New Japanese Naval Landing Party barracks near Hongkew Park.

Marshal Chang Hsueh-liang and his wife lunched with the British Prime Minister, Ramsay MacDonald, at Chequers (England) Nov. 11.

Construction of the three story detention house of the Shanghai District Court has been completed. The cost was $50,000. It is capable of accomodating 576 persons.

The eighteenth batch of Chinese deported from Mexico, passed through Shanghai enroute to Canton end of last week.

A public drawing for the redemption of part of the principal of the 20th Year Relief Loan (7th drawing) was held Nov. 10.

Wing Commander R. P. Willock, newly appointed Air Attache to China, is ill and his departure from England for China has been postponed.

A paper factory is being erected in the outskirts of Nanking with a capital of $300,000. Messrs. Sun Fo and Chu Chia-hua, President of the Legislative Yuan and Minister of Communications respectively, are sponsoring it.

Two carrier pigeons belonging to the Ninth Division were decorated Nov. 11 in Tokyo with medals in honor of their services in the Shanghai hostilities of 1932.

James Mills, correspondent for the *Associated Press* in Peiping, who has been in charge of the Shanghai office during the vacation of M. J. Harris, returned to Peiping last Sunday.

The third biennial conference of the Medical Federation of China will be held in the Chinese Y.M.C.A. in Nanking for three days, beginning from the New Year's Day, 1934.

The museum of the Royal Asiatic Society in Shanghai was formally opened Nov. 15 by A. D. Bell (chairman of the Shanghai Municipal Council). Arthur de C. Sowerby, (director of the Museum) made an address.

Messrs. Cho Yun-hsiang, Liu I-lun, and Cheng Shao-chi, three officers of the Naval Ministry in Nanking, are leaving for America to study radio-telegraphy and naval engineering.

An insane Chinese at Kuala Trengganu, a town in the Malay Peninsula, went on a rampage Nov. 8. He beheaded a Japanese girl of seven and with her head upstretched, he paraded through the streets until arrested.

The Yellow River Flood Relief Commission despatched 20,000 suits of cotton-padded clothing to Kaifeng, provincial capital of Honan, Nov. 7 for distribution to the flood victims in various afflicted districts.

The American University Club of Shanghai held its November monthly tiffin Tuesday, November 14, at Ladow's Tavern. Dean Arthur G. Coons spoke on "The New Deal".

By order of the Ministry of Railways no foreign language is to be used in official documents of Chinese Government Railways beginning from January 1934. In future only the Chinese language will be used.

Punishment of Wu Kuo-tseng, Mayor of Hankow, for his alleged arbitrary arrest of a Chinese journalist named Shih-yuan, is demanded by the Control Yuan in a letter to the Committee for the Disciplinary Punishment of Offieials.

There is a persistently growing movement in Britain to have the British Legation at Peiping removed South. Lord Peel among others made the suggestion Nov. 8. The Dean of Canterbury in a recent letter to the London *Times* stated that the Minister could render better service in Nanking than in Peiping.

The Shanghai Chapter Daughters of the American Revolution met at the South Gate home of Mrs. Espey Nov. 8. Professor Victor Hanson of the Political Science Department of the University of Shanghai was the guest of honor.

Upon the return of C. J. Chancellor, general manager of *Reuters*, from a business trip to Tokyo last week, it become known that M. J. Cox, manager of the Far Eastern news service is being transferred to Tokyo where he will have charge of the service in Japan. Frank Oliver, who has charge of the service in Peiping will return to Shanghai before the end of the year and will have charge of the Far Eastern news service here.

Nelson Johnson, American Minister, arrived in Shanghai from Nanking Nov. 15. He will proceed to Hongkong on the flagship *Augusta*, Nov. 18.

Traffic on the entire length of the Hangchow-Kiangshan Railway is expected to be formally inaugurated next month. The section which is already completed is at present earning about $120,000 monthly, showing a net profit of $40,000.

Don Burdick, member of the firm of Swan, Culbertson and Fritz, who with Mrs. Burdick returned to Shanghai recently, has announced his intention of returning to the United States where he will reside permanently. Mr. Burdick will engage in the banking business.

The United States has failed to support the claim of thePhilippine Islands to the six coral islands off the Indo-China coast seized several months ago by France, according to Mr. Kimura, Japanese Consul-General in Manila, quoting Cordell Hull, American Secretary of State.

All Chinese and foreign marine officers serving on Chinese vessels must apply to the Ministry of Communications for certificates before December 1, according to a circular order issued by the Ministry to the various Navigation Bureaus throughout the country.

Tan Yi-chiung, found guilty of extorting money from business houses while serving as director of the business tax bureau in the counties of Nanhai and Panju, was executed in Nanking Nov. 10. He was tried and sentenced by the Special Administrative Court at the Capital.

It is reported that Admiral Chen Shao-kwan, Minister of the Navy, has decided to resign. The vacancy will probably be filled by Admiral Yang Shu-chuang, former Minister of the Navy and Chairman of the Fukien Provincial Government.

P. M. Anderson, formerly connected with the automobile firm of Anderson & Ferrogiaro, has opened an office in Shanghai for the Occidental Life Insurance Company of California. Mr. Anderson had four years local insurance experience with W. R. Rice & Company, West Coast Life representatives.

The U. S. S. *Augusta* has replaced the U. S. S. *Houston* as flagship of Admiral B. B. Upham, Commander-in-Chief of the American Asiatic Fleet. The *Houston* is due to sail for home on November 17. Captain C. W. Nimitz, who was on the China Station twenty years ago in the U. S. S. *Ohio*, is the captain of the new flagship.

The United States is actively preparing for the official repeal of prohibition on December 5. The Cabinet at Washington is considering its future liquor policy, especially regarding imports. The Government has already removed the limitations on domestic distilleries and wine-presses.

Interviewed at Hangchow Nov. 9 regarding the proposal for the erection of a railway bridge over the Chientang (River), Tseng Yang-fu, Provincial Commissioner of Reconstruction for Chekiang, said that the construction expenses are tentatively estimated at $5 millions, but the method of raising this sum had not yet been finally decided.

Mrs. Sun Yat-sen during the week categorically denied, on behalf of Paul and Gertrud Ruegg (Noulens) that they have ever asked to be lodged in the same cell, Mrs. Sun declared that this new report is a revival of an old slander prominently featured in the cheap mosquito press many months ago. A recent Nanking message stated, however, that the pair are allowed to see each other daily.

The premises of the Level Printing Co (printers of the magazine *China Forum*, radical paper edited by Harold Isaacs,) in Tiendong road, was among one of several printing establishments ransacked during the past week by unknown parties. The lock of the Tiendong road premises was forced and the pressroom was entered. Efforts of the marauders to enter the editiorial room upstairs were unsuccessful. Several days previously the offices of the *Social News*, in which magazine the *Forum* has recently been severaly criticized, had been surreptitionsly visited in a somewhat similar manner.

J. V. Crowe, manager of Ford Motors, returned this week from a trip into the socalled "bandit" section of southern Shantung near the Kiangsu and Anhwei borders which was the scene of the famous Liencheng "blue-express" hold-up and kidnapping several years ago. Mr. Crowe was accompanied by Dr. Lighton Stuart of Yenching University, Peiping, their object being to interview Gen. Han Fu-chu who was on an inspection trip in that area. After reaching the mining town of Taierchwang they traveled overland to Ichowfu and spent the night in a village that had been attacked by bandits only a short time previously.

Monopoly to China Merchants S. N. Co. Causes Uproar

The arrangements for through traffic between the China Merchants Steam Navigation Company and the Ministry of Railways along various Government railways have elicited a storm of protests in shipping circles. Yu Ya-ching, Managing Director of the San Peh Steam Navigation Company, in a petition to General Chiang Kai-shek, President of the Military Affairs Commission, urges that the Ministry of Railways be notified to grant the right of through transportation not only to the (State-owned) China Merchants S. N. Co., but to all steamship companies. Mr. Yu points out that the grant of monopoly to the China Merchants S. N. Co. is a policy directly imported from Soviet Russia. To grant the right of through transportation to the State-owned company alone, is tantamount to wilful oppression of the private-owned companies.

O. S. Lieu, General Manager of the China Merchants Steam Naviagtion Company, has petitioned the Ministry of Communications to urge the Ministry of Railways to turn down the petition of the Shanghai Shipping Guild for the grant of the right of through transportation to all private-owned steamship companies.

Dr. Wu Lien-teh in Speech Points Out Absence of Cholera

Dr. Wu Lien-teh, director of the National Quarantine Service, gave an address at the fourth annual service dinner given in Shanghai Nov. 10 in which he pointed out that whereas more than 4,000 persons suffered from cholera in 1932. in Shanghai there was not a single case this year. Sir Frederick Maze, inspector-general of customs, who was unable to be present on the occasion, sent to Dr. Wu a message of congratulation upon the progress made in the development of the service. General Wu Te-chen, mayor of Shanghai, was represented at the dinner by P. H. Lo, his secretary. Dr. L. Rajchman, technical delegate of the Council of the League of Nations with the National Economic Council, and Dr. J. Heng Liu, director of the National Health Administration, also spoke.

Manuel Quezon Addresses Pan-Pacific Association in Shanghai

An extraordinary meeting of the Pan-Pacific Association of Shanghai was held on Friday, Nov. 10 at Ladow's Tavern, Shanghai, in honor of Hon. Manuel L. Quezon, President of the Philippine Senate and honorary president of the Pan-Pacific Association of the Philippines. He is recognized as the foremost leader of the Philippine Independence Movement. He passed through Shanghai on the way to the United States on board the *President Hoover* to present the case for a more advantageous bill to the American Government and people. In a short address Mr. Quezon, expounded the aspirations and aims of the Filipino people.

Mails for Manchuria Sent Surreptitiously on Japanese Steamers

In view of alleged instances in which Japanese steamers calling at Chinese ports have been found receiving mail matter for Manchuria which does not bear Chinese postage stamps, the Ministry of Communications has instructed the postal administration to request the Customs to pay special attention to the matter. A spokesman of the Ministry said that such mails when found were liable to be confiscated.

New York Traders Watching U.S. Cotton Loan to China

New York cotton traders are watching closely the results of the Reconstruction Finance Corporation's G.$50,000,000 loan to China, which recently has been under fire both in the U.S.A. and in China. Most U.S. traders frankly admit wonderment as to how China can consume 800,000 bales of American cotton, in view of the fact that the Chinese crop reportedly is the largest on record.

In the United States Court for China

In re. Estate of ORMOND B. GAINSBOROUGH Deceased	Cause No. 3596 Special Proceedings No. 981 NOTICE

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November 9th, 1933.

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Who's Who in China

(with Supplement)

The standard edition of *Who's Who in China*, published in 1931, has now been brought up to date through the publication of a 200-page supplement. The two books contain the pictures and biographical sketches of the leading men and women of affairs, in government service, business and the professions.

It's the only work of the kind in the English language, is fully indexed in both English and Chinese and most of the sketches contain the latest addresses in addition to information pertaining to date and place of birth, education, careers, etc.

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If you already have the standard edition published in 1931, order the Supplement only. If not order both books. The prices in Chinese silver or U. S. currency, including postage are as follows:

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The China Weekly Review

38, Avenue Edward VII
Shanghai.

New Books of Interest in the Far East

A Survey of Living Conditions in China's Former Capital

How Chinese Families Live in Peiping, by Sidney D. Gamble. Funk & Wagnalls Company, New York and London. 1933.

This book contains the results of a survey made among 283 Peiping families receiving incomes varying from $8 to $550 (silver) per month. The survey was made in the period from November 1926 to November 1927, covering the entire year. Fifty-five occupations, from that of a coolie to a college professor, were included in the study. Data for the survey was received by having each family keep a daily record of all of its monetary affairs throughout the entire year. The results of this method are inclusive, in many cases amounts being indicated for opium and gambling expenses.

It is difficult here to give an idea of the scope of the work or of the results of the survey itself. Interested readers should refer to the book itself wherein Mr. Gamble has prepared his findings in excellent form by the use of graphs, charts, sample budgets, and comparative statistics. The statistics include similar surveys, already made in China, and surveys made in Japan, India, and the United States. Of particular value is the comparison, where possible, of the Chinese families with families in these other countries. Needless to say, these comparisons bring out clearly the low standard of living "enjoyed" by Chinese families. Differences which show that China's standard is on the bottom rung of the ladder can be noted in each case.

Certain aspects of Mr. Gamble's work seem to this reviewer to be open to some criticism. The results of similar surveys by Messrs. Chu, Sokolsky, and Morrow, while included in one of Mr. Gamble's tables, have not been referred to in the bibliography. The results of the work of the South Manchuria Railway as well as that of Messrs. Dittmer and Chen are not included in the tables or the bibliography. As Mr. Dittmer's study was made in Peiping in 1915, it would have been most valuable to have his findings printed for comparison.

It would seem that the survey would possess a far greater value had it been conducted not in Peiping but in a city where the results of industrialism had more of an influence on social conditions. In this connection it can be said that conditions in Peiping, the capital city at the time of the survey, were probably not indicative of the conditions prevailing in the typical large Chinese cities. The rise of manufacturing on a large scale utilizing both Chinese and foreign capital has altered the conditions of many families by the formation of a new class: the factory wage earner. The factory wage earner finds little representation among the families chosen by Mr. Gamble. That the author was only interested in the families of Peiping does not alter the question. The factory wage earners continue to be an important group in a social study of Chinese families. Another weakness is to be found in the fact that the choice of the income groups was apparently not made in proportion to the actual make-up of the population of Peiping. This has restricted the study to a comparison only among the groups of famllies studied, no interpretation being possible for the population of the city as a whole. While Mr. Gamble states that the aim was to secure many families in the artisan or unskilled class, it is to be regretted that a proportional survey was not undertaken. Thus much of the emphasis of the study has been shifted from important socio-economic aspects to the investigation and financial aspects of weddings, funerals, and holiday celebrations. While the last named items are interesting and have been collected and presented for the first time, they stand small in comparison with significant social data.

The author indulges in little comment as to the significance of the results of his findings, evidently preferring to deal only with facts and figures. In the preface, however, is a brief hint which gives some idea of what the survey has shown him: "——The figures, as they have painted the picture in increasing detail, have brought to us growing appreciation and respect for these families and the way they meet their conditions of life. We have been impressed by the fact that 71 percent of the families lived within their incomes." While the results of the survey, limited as to representative groups and restricted to a non-industrial city,—while these results reaffirm the low standard of living of most of these families, Mr. Gamble finds himself "impressed" to see how 71 percent of the families managed in their struggle to live within their meagre, hard-earned incomes. Instead of pointing out, instead of showing clearly the significance of this low standard of living, the pitiful standard of most of these 71 percent who managed to meet their expenses, Mr. Gamble in effect praises these families for being able to keep together on their skimpy allowance! And Mr. Gamble has no praise for the other 29 percent! One is forced to wonder as to which side of the fence the author's appreciation lies. To convey the impression, as he has done to this reader, that the Chinese family is not in such a bad situation because of its being able to save a bit,—to convey this impression in a land noted for filth, want, poverty and starvation is to distort the real conditions here.

Nevertheless, Mr. Gamble has written a valuable book. His survey was the first of its kind undertaken in China from the point of completeness and many other features. It involved a tremendous amount of work. Conducted before the establishment of the Nanking Government, it would be interesting to have for basis of comparison another similar report. Some such efforts have been made, showing, for example, that living costs in Peiping have increased since Mr. Gamble'e survey was made. Let us hope than many more of such endeavors will be made. The surface has hardly been scratched.

A. H. B.

Historic Nanking in Pictures

The Splendors of Historic Nanking by K. W. Kwok; Photographic History of the Present Capital of the National Government: Kelly and Walsh, Shanghai.

Early last spring the Nanking Women's Club, composed of Chinese and foreign women, interested in educational and cultural development of the National Capital, published an interesting booklet dealing with the history of Nanking. The book consisted of only sixty or seventy pages, but it provided an interesting insight into the rich and eventful history of the ancient city of Nanking, now in process of rejuvenation due to the re-establishment of the seat of the central government at that place.

Now a further step has been taken in making Nanking better known through the publication of "The Splendors of Historic Nanking," the present volume consisting entirely of pictures and descriptions of this interesting old-new city on the Lower Yangtsze. The volume is the work of a Chinese artist and photographer, K. W. Kwok who gives his address as the Chungsan Model District at Canton. The volume contains some eighty photographic studies with accompanying descriptions in the English and Chinese languages, done in most artistic style and printing and bound in Chinese method with yellow silken covers. Kan Nai-kuang, Vice-Minister of the Interior of the National Government, contributed the introduction wherein he extolls the artistic character of the work, a statement that the reader will fully corroborate, following an inspection.

In the brief historical sketch at the beginning, Mr. Kwok the author and photographer explains that Nanking is interesting in a historic sense because the city was the capital of the nation for eight generations and during the six dynasties (A.D. 420-601) it was greatly beautified and decorated. Traces of these examples of past splendor are evidenced today in the remains of imposing edifices which Mr. Kwok has photographed and made available for the reader in his present volume. Interspersed among the pictures of the old are some views of modern Chinese structures which the present National Government has erected since the re-establishment of the capital in Nanking a half-dozen years ago. The pictures are so arranged as to give an excellent idea of the contrast between the old and the new, for example, the views of the ancient Ming tombs are followed by pictures of the modern tomb of the late Dr. Sun Yat-sen, thus indicating that in commemorating the memory of China's greatest republican, there is also in evidence the spirit of the great past. The book is a most welcome effort and is particularly appropriate at this time, preceding the Christmas season. The suggestion should be sufficient.

J. B.

The Secret Service in War Time

Secret Service, by Sir George Aston. London, Russell Square, Faber & Faber.

There mere mention of this word "Secret" has the effect of stimulating the interest of every person within hearing. How much more so when they are secrets of an Empire during the most momentous episodes of its existence. Yet this is precisely what Sir George Aston's latest work is doing for us. In the many and varied positions in which his profession took him to, he was always at the centre of things, so that what he has to relate cannot fail to be of breathless interest. And this is no more than the literal truth, for many a time the reader is obliged to put down the book and walk about a bit to convince himself he is not dreaming. He traces for us the origin of the secret service from 1873, when it did not exist, till the middle of the Boer War, when it commenced to get its nose above the level and commence to take breaths, not long, certainly, but nevertheless deep drawn for its puny size, to the point, five or six years later, when it really did begin to sit up and take notice.

No Englishman can peruse this work without realising what a stupendous asset his nation possesses in its reputation for stupidity. Alone amongst all other nations this characterisation most happily pursues it. Over and over in this book do we see their adversaries secure in their immense superiority towering above them like a morning mist that vanishes before the least touch of the sun. They defy their brothers across the Atlantic to beat it. No one would ever dream of applying such an epithet to them, nationally. Their is the monopoly. And how frequently does this work go to prove how well-deserved is this label.

Sir George is not slow in giving praise to Britain's adversaries where it is due and the surprises Britain met with during the Great War are frankly and freely admitted. But given the necessary secrecy the British plans rarely went awry.

We are so fond of pigeons in Shanghai that an allusion to their services in war may be interesting. Sir George amusingly relates the influence for harm possessed by the permanent and irresponsible official, whose "minute," stopped the proposal to utilise their services. "No action. These birds might carry misleading intelligence." Though how a bird flying through the air could be captured, its message removed and substituted by another, is still to be explained. For want of a pigeon, the *Goeben* and the *Breslau* got safely away, from Messina.

How nearly the Allies didn't win the War will be read and re-read again to the end of time, and it may be claimed that but for the Secret Service this must have happened.

R. C.

Recent Pamphlets Received

A treatise on "How the National Government in Nanking Works" by Yen-ying Lu has been reprinted in brochure form from the *Chinese Political and Science Review.*

The October number of *Pacific Affairs* contains a summary of the Banff Conference proceedings by Elizabeth Green, together with the full text of the opening speeches.

"Chinese Destinies," a book of sketches of present-day China by Miss Agnes Smedley of Shanghai, has just been published by the Vanguard Press of New York City. Miss Smedley is at present in Europe, working upon a novel.

The October issue of the *American Exporter* devotes two pages (illustrated) to an article entitled "Shanghai Goes Modernistic" Pictures are shown of the interior of the Grand Theatre in Shanghai and of the Rockefellar Raid City in New York, and the reader is referred to another page to get the correct answer to the question, "Which Is Which?"

The *Annals* of the American Academy of Political and Social Science for July is devoted to a discussion of American Policy in the Pacific. The discussion covers a wide range, among the contributors being Edward C. Carter, Joseph Barnes, George E. Sokolsky, John E. Orchard, Boyd Carpenter, Henry Kittredge Norton, William R. Castle, jr., Roy H. Akagi, Chin-chung Wang (Dr. C. C. Wang), Tyler Dennett, Grover Clark, F. R. Eldridge, T. A. Bisson, Russell M Story, Pearl S. Buck, Chih Meng and S. K. Ratchiffe. A special reprint has been made of Dr. C. C. Wang's contribution on "Manchuria at the Crossroads." Dr. Wang is at present a member of the Chinese Government Purchasing Commission in London. He was a former director of the Chinese Eastern Railway.

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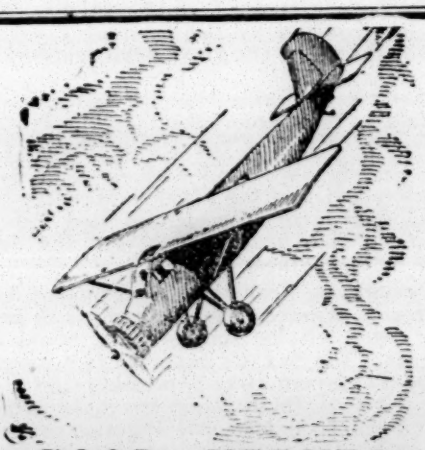
Has reprinted for general distribution in pamphlet form the treatice by the late B. H. Chamberlain, Emeritus Professor of Japanese and Philology at the Imperial University of Tokyo, entitled,

"THE CREATION OF A NEW RELIGION"

The pamphlet contains in its 10 pages a complete exposition and analysis of Shintoism and Empire-worship, regarding which the world is now beginning to hear so much along with the so-called doctrines of Pan-Asianism and Asiatic Monroe Doctrine.

Price, including postage, 30-cents a copy. Orders sent to *The China Weekly Review* will be forwarded to the publishers for execution immediately.



GOOD NERVES!

When watching a pilot stunting his 'plane how often have you exclaimed, "What nerves he must have!"

We all need good nerves, to meet the stress and strain of our everyday life. Nerve weakness if neglected may develop into nervous breakdown, with a general failure of health.

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Problem of Financing Bandit-Suppression Campaign Has Been Solved

Dr. H. H. Kung, Minister of Finance and concurrently vice-president of the Executive Yuan, in a press interview Nov. 10 said the problem of financing the Communist-suppression campaign has been solved, at least for the time being. The Finance Minister denied the rumor that the flotation of a salt revenue treasury note issue additional to the $100,000,000 customs treasury notes has been planned by the government. He said that there is no need to float an additional ssue of treasury notes as resources have been acquired for meeting the deficit of $12,000,000 monthly for some months to come.

Previous reports stated that the Finance Ministry had been negotiating with the Shanghai banks for the issuance of another $120,000,000 loan known as the 22 Year Salt Loan. The local banks were said to have agreed to accept the proposal.

The resignation of Tsou Lin, Political Vice-Minister of Finance, has been rejected by the Executive Yuan.

Efforts to Stabilize Price of Cotton Yarn

A spokesman of the Cotton Industry Committee of the National Economic Council in a recent interview said the recent ruling of the Ministry of Industry ordering the Chinese Merchants' Cotton Exchange in Shanghai not to accept any inferior cotton yarn during November and December is designed to stabilize the price of cotton yarn and is for the benefit of the whole industry. Ever since its inauguration a few weeks ago, the Cotton Industry Committee has been trying to discover causes of the present depression in the Chinese cotton industry. According to the spokesman, one of the principal reasons that have been ascertained is the presence of too much cotton yarn on the exchange market, with the result that its price has suddenly and drastically dropped.

A Cooperative Society for the sale of foodstuffs is to be formed by the grain organizations, the eight Provincial Governments of Hunan, Hupeh, Anhwei, Kiangsi, Chekiang, Fukien, Kwangtung, Hopei, and the Municipal Government of Greater Shanghai. The capital of the Cooperative Society is fixed at $2 millions. Half of this sum is to be provided by the Central Treasury, the remainder to be shared by the grain organizations mentioned above.

With a view to facilitating the distribution of home-grown foodstuffs, the Tientsin-Pukow Railway Administration has decided to reduce the transportation charges for rice shipped to Tientsin for a period of one year.

It is understood that the Finance Ministry has decided to impose a higher tariff duty on imported rice beginning from December 1 in order to prevent the dumping of foreign rice on the Chinese market.

The Kwangtung Provincial Government has decided that foreign rice, ordered before September 16 and arriving after that date, will be subject only to one-half of the ordinary rate. The tax on imported rice, which is $1 per picul, has been enforced since September 16.

With a view to facilitating the coal mining industry in northern Anhuei, the National Reconstruction Commission is planning the construction of a light railway between Lohochen, on the Hwai River, and Wuhu, approximately a distance of 150 miles.

Bonds for Completion of Canton-Hankow Railway

The Ministry of Railways contemplates the floating of $70,000,000 worth of bonds, both at home and abroad, for the completion of the Canton-Hankow railway. The Bonds to be floated abroad will be issued in three instalments.

Tientsin Journal Discusses the Chinese Political Situation

The *Ta Kung Pao*, (Tientsin) comments: "In recent years T. V. Soong's position has risen considerably in the Kuomintang Party, and although General Chiang, Messrs. Wang, Hu, Sun and Soong, in the eyes of the public, are the Big Five of the Kuomintang, until the recent resignation of Mr. Soong, the Government was carried on by four of the Big Five of the Kuomintang. In the light of past experience there is considerable speculation as to whether the resignation of Mr. Soong will cause a serious shake-up in the National Government. Strictly speaking, no anxietly should arise over the political situation since the new Minister of Finance is another Kuomintang man, but judging from past events the matter deserves some attention, as it has been invariably the case in past years that any change in the leadership of the Kuomintang is accompanied by political unsettlement."

T. V. Soong Resumes Work on National Economic Commission, But Resigns Other Posts

T. V. Soong, after an absence of several weeks, resumed his duties at the National Economic Commission Nov 13. Mr. Soong's resumption of work has dispelled all rumors about his intention to resign from the Commission. Mr. Soong originally intended to resign his membership of the National Economic Council as well as the positions as finance minister and vice-president of the Executive Yuan, but upon persuasion by Wang Ching-wei, president of the Executive Yuan and other government leaders, he consented to carry on the N. E. C. work.

The Executive Yuan Nov. 14 accepted T. V. Soong's resignation as chairman of the Yellow River Flood Relief Commission and as member of the Standing Committee of the National Aviation Reconstruction Commission. Dr. H. H. Kung has been appointed to fill both positions.

King of Afghanistan Assassinated

The King of Aghanistan Nadir Khan was assassinated Nov. 8, at the Ark Palace, Kabul, during the giving of prizes to students. The assassin was the son of an old servant of the King. He was seized at once by the students and roughly handled before the police intervened and rescued him. The King had some time previously pardoned the assailant for intrigue. The former king's son Zahir Shah has succeeded him, but there is an undercurrent of unrest among the populace.

Ex-King Amanullah made a dramatic statement when interviewed at his residence in Rome, Nov. 9 saying that if the Afghan people wished him to return with his program of reforms and progress, he was always ready to serve his country. There are no indications that he will return.

The Indian Government has closed the Kyber Pass to outward traffic as a precaution against trouble consequent on the assassination of Nadir Khan.

Cocaine Being Smuggled to India from Far East

The danger of clandestine factories in China and the Far East was emphasized in a report issued in Geneva Nov. 9. The report drew attention to the increasing smuggling of cocaine to India from the Far East.

The question of suppressing the illicit traffic in opium in leased territories, settlements and concessions in China formed the subject of study by the special sub-committee of the Opium Advisory Commission in Geneva, Nov. 7. The sub-committee examined in detail the Chinese proposals envisaging: (1) closer co-operation; (2) the application to settlements of Chinese laws and regulations regarding opium and narcotics; (3) the infliction on foreign nationals of the same penalties to which Chinese nationals are exposed; and (4) that Shanghai be the only port of entry for manufactured drugs. These proposals were rejected by the sub-committee as involving questions of principle outside its province, and a report was submitted, which was adopted by the Advisory Commission, providing for the regular exchange of information regarding nationals engaging in illicit traffic as well as regarding laws and regulations concerning the manufacture, importation and distribution of narcotics in leased territories, etc.

Official circles in Japan deny recent reports that a Japanese subject had secured a lease on land to grow opium in Abyssinia.

The China Merchants Steam Navigation Company, in a petition to the Ministry of Communications, urges that appropriate measures be taken to prevent unlawful and unscrupulous acts by staff members of the Narcotics Inspection Office in searching for contraband on ships.

Japan Indifferent as to Recognition of Manchukuo

Referring to the recent meeting of the Opium Advisory Committee at Geneva, the spokesman of the Japanese Foreign Office said Nov. 10 that Japan and Manchukuo do not care whether the Powers recognize Manchukuo or not.

Lord Peel Pays Tribute to Nanking Government

Lord Peel in opening the debate in the House of Lords on British policy in China Nov. 8 said that during the past six months Nanking has undoubtedly progressed remarkably, and the present Government is probably the most effective China has had for many years, inspired as it is with genuinely practical ideas.

American Dollar Declines Sharply--- Silverities Active

There has been a heavy depreciation of the American dollar in relation to other currencies during the week. The belief is gaining ground that President Roosevelt is aiming at bringing the value of the paper dollar down to half its gold parity. David Lawrence predicts the stabilization of the dollar at a much earlier date than any one anticipates. In the meantime the silver interests, headed by Senator Pittman, are pressing to have the Government buy silver in the same way as it has been buying gold. American purchases of gold have so far not increased the price of the yellow metal in relation to silver—on the contrary world gold prices have dropped in relation to silver. Yet, the price of U.S. money reckoned in silver has dropped rapidly during the past week, and if on top of this, the silver interests are successful in having the U.S. government make purchases, the almost inevitable result will be that the exchange rate, China on U.S.A. which stands now at about U.S.$1.00 equals Chinese $2.90, will drop still more.

The Committee of the Nation, composed of a group of the foremost financiers and business men of the United States—which has the prestige gained from the fact that a five-point monetary program offered last April has been adopted by the Administration almost in it's entirety—has put forward a silver program which is now being studied by the Administration's monetary experts.

Henry Wallace, Secretary of Agriculture, announced in Washington Nov. 10 that the Reconstruction Finance Corporation had allotted $150,000,000 for the relief of farmers, who will receive fifty-five cents a bushel on corn raised on their farms.

President Roosevelt Nov. 8, day announced an expansion of Federal relief plans, which aims at removing 4 000,000 men from relief payrolls, by a public works program.

The Century of Progress Exposition, which was scheduled to close on November 12, will be kept intact and be re-opened on June 1 next year. The Fair has been a financial success.

The Farm Administration has dissolved its Food Industry Advisory Board, an unofficial group representing distributors and processors.

The U. S. Government announced Nov. 12 that a sum of $37,000,000 would be loaned to farmers on cotton held from the market at a ratio of four cents per lb.

A group of shareholders have filed an action in the New York Supreme Court against Albert Wiggin, former chairman, and 135 directors of the Chase National Bank to recover $100,000,000 lost by the bank owing to alleged 'negligence, waste and misconduct."

Divergent Views at Indo-Japanese Trade Conference

A Tokyo despatch Nov. 8 stated that in connection with the progress of the Indo-Japanese trade parley, the desirability of mutually maintaining high diplomats of Minister's rank in each other's capitals in order to make political adjustments is keenly expressed by both parties to the parley.

A spokesman of the Tokyo Foreign Office said Nov. 8, that the divergence of views between the Indian and Japanese delegates to the trade conference at Simla had been narrowed down, but there were still some importan differences to be adjusted and, therefore, it would take some time to reach an agreement.

The British commercial attache in Iraq reports that a large number of cotton dealers in Iraq have transferred their orders from Manchester to Tokyo and that the recent government orders for military cloth were likewise placed in Japan.

Egyptian Customs officers are reported to have seized a quantity of Japanese cotton goods stamped "made in Manchester," in Cairo Nov. 13.

Hunan Official Dismissed for Selling Antimony to Japanese

The National Government issued a mandate Nov. 14 dismissing Tan Chang-kai, a member of the Hunan Provincial Government, from office on grounds of the unauthorised sale of mineral ores, (antimony) to the Japanese. The mandate also deprives him of the right to occupy any public office during the next ten years.

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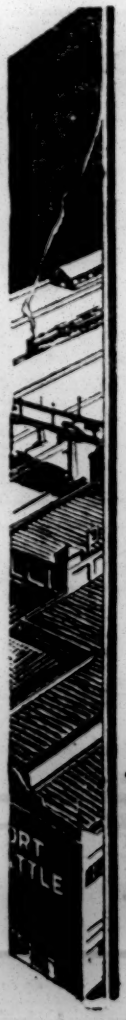

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Seattle is the nearest United States port to the Orient. That is why so many more shippers each year route shipments to the United States via Seattle. It is the reason for the phenomenal growth of this port. To ship *"via Seattle"* saves money and time . . . for you and your consignees in America.

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Shanghai Real Estate Review by Realty Investment Company

To realize the importance of the section just North of the Soochow Creek one must stand in the middle of the North Szechuen Road bridge with the Post Office directly in front and the Embankment building to the West. Tsenoo Road extension to North Szechuen Road will make a new street in an important section in this great growing city. It will immediately open up the section between Honan Road and North Szechuen Road, and just as soon as the schedule for road widening is carried out, it will be a very important cross town street between N. Chekiang Road and N. Szechuen Road. Tsenoo Road extension was first scheduled in 1921, and after protest the plan was eliminated on the grounds that it would be extremely costly. Last year another proposal was submitted and it was decided to proceed as soon as all owners were prepared to surrender the Road area free. On October 17th this year, the Commissioner of Public Works received a proposal stating that this area would be surrendered free and was accepted. No work on the extension will be carried out this year.

CUSTOMS NOTIFICATION NO. 1325

The public is hereby notified that on and after the 1st January, 1934, it will be necessary for all motor trucks used for transporting cargo from wharves to private and public *bonded* godowns situated at a distance from the water front and for those used for transporting cargo *shipped in bond* to be so fitted that they can be effectively sealed by the Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 10th November, 1933.

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The National City Bank of New York, Rates of Exchange

Shanghai, Nov. 15, 1933.

Demand selling rate on America:	**U.S. $100=Sh. $293.04**
Demand buying rate on America:	**U.S.$100=Sh. $289.85**
Demand selling rate on London:	**£1.0.0=Sh. $ 15.42**
Demand buying rate on London:	**£1.0.0=Sh. $ 15.18**

Latest New York Stock Exchange Quotations

Market—Steady Business Done 2,170,000 Shares

November 15, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Nov. 13	Tue. Nov. 14.
13¼	3	—	Adams Express	8⅛	8
33	11⅛	0.60	Alaska Juneau	25¼	25¼
145½	70¾	6.00	Allied Chemical & Dye	134⅛	134½
98¼	49½	4.00	American Can	91¾	91
19⅝	3⅝	—	American & Foreign Power	11¼	10¾
44⅞	7¼	—	American & Foreign Power 7% Pfd.	22¾	22
13⅛	2⅝	—	American & Foreign Power Warr.	7⅝	7
23⅝	3⅛	—	American Metal Co.	20⅝	20⅛
53½	10¾	—	American Smelting	47½	46⅝
134¾	86½	9.00	American Telephone & Telegraph	118	1 7¼
94¾	50¾	5.00	American Tobacco "B"	72¾	72¼
43¼	10⅞	1.00	American Waterworks	19½	18⅝
22⅞	5	—	Anaconda Copper	15½	15¾
18⅝	5⅞	—	Atlas Corporation	12⅛	11⅝
84¼	31¼	2.00	Auburn Automobiles	43	41½
37⅞	8½	—	Baltimore & Ohio	24	23⅝
49¼	10⅛	—	Bethlehem Steel	31⅜	32
37⅝	18	1.60	Borden Company	23⅜	2 7⅝
21⅝	5¼	—	Borg Warner	15⅜	15½
20⅜	7⅛	—	Canadian Pacific Railway	12¾	12⅝
103½	30½	—	Case, J. I.	7 1⅛	71¾
47⅞	19	1.40	Chase National Bank	21	19⅞
52½	14⅞	2.00	Chesapeake Corp.	34¼	33½
52⅞	7¾	0.50	Chrysler Corp.	43⅝	43½
28⅛	9	0.50	Columbia Gas & Electric	12¼	11
6⅛	1¾	—	Commonwealth & Southern	2¼	2
64⅛	39½	3.00	Consolidated Gas of N. Y.	38⅜	37⅞
19⅝	4⅞	—	Continental Oil	18⅛	18⅜
90⅝	45¾	3.00	Corn Products	72½	71½
7½	2¾	—	Coty Inc.	Unq.	3⅜
4⅜	1½	—	Curtiss Wright Company	2¾	2⅞
18¼	10¼	0.75	Douglas Aircraft	14⅝	14½
85⅝	22½	2.00	Du Pont de Nemours	80⅜	80⅝
89¾	46	3.00	Eastman Kodak	74	73½
41⅝	10	6%S	Electric Bond & Share	16¼	16½
15⅜	3½	—	Electric Power & Light	6	5½
19	12	—	Fox Film	14⅝	14⅝
10¾	2⅞	—	General Aviation	5¼	5¾
80¼	10½	0.40	General Electric	20⅞	20⅜
39⅞	21	1.80	General Foods	36½	36¼
86⅜	10	1.00	General Motors	31⅝	31¼
49½	13¼	1.00	General Railway Signal	Unq.	30
27⅜	12	1.20	Gold Dust	17⅜	17¾
47½	9¼	—	Goodyear Tire & Rubber	35¾	36¾
40	6⅛	—	International Cement	31	32
46	13⅝	0.60	International Harvester	39⅞	40⅛
22⅜	6¾	—	International Nickel	21¼	21
21¾	5¼	—	International Telephone & Telegraph	14⅞	14⅜
60⅜	12¼	—	Johns Manville	52¼	52
26	7⅜	—	Kennecott	22¼	21⅝
79⅜	37½	2.40	Lehman Corporating	67⅜	67¾
99⅝	49¼	•4.00	Liggett & Myers, "B"	84½	84½
36½	8½	1.00	Loew's: Inc.	28⅝	28⅝
25¼	10⅛	1.20	Lorillard P. Co. (Com.)	17½	17¼
47¼	18	1.00	McIntyre Porcupine	44½	45
28⅞	8⅝	—	Montgomery Ward	21¼	21⅛
54½	19¾	1.00	National City Bank (bid price)	21⅜	20⅛
121⅞	16⅞	—	National Distillers	94	89
58½	11	—	New York Central	36¼	34⅞
36½	15¾	8%S	North American Company	17¾	16⅝
96¾	31½	2.00	Owens Illinois Glass	77	78
37⅞	20	1.50	Pacific Gas & Electric	18¼	17½
6⅞	1¾	—	Packard Motors	3⅝	3⅝
42¼	13¾	0.50	Pennsylvania Railroad	26¾	25⅞
6⅜	1½	—	Pennroad Corporation	3	2⅞
18¾	4¾	—	Phillips Petroleum	16¼	16⅛
12¼	3	—	Radio Corporation	7	7⅛
5¾	1	—	Radio-Keith Orpheum	2½	2½
54¼	26½	3.00	Reynolds Tobacco "B"	44¾	44⅛
47	12½	—	Sears Roebuck	40⅝	41¼
11⅝	4	—	Shell Union	8¾	8¾
15½	6	—	Socony-Vacuum Corp	14⅝	14⅝
28	17½	2.00	Southern California Edison	16½	16⅝
22½	5½	—	Standard Gas & Electric	9¼	7⅞
44¾	22¾	1.00	Standard Oil Co., of N. Jersey	44⅝	43⅞
60¾	50	—	Sterling Products	56¼	53⅞
3⅜	1½	—	Studebaker	5	5
30¼	10¾	1.00	Texas Corporation	25⅝	25¾
41	15¾	1.00	Texas Gulf Sulphur	41	41
9⅜	2⅝	—	Trans America	5⅝	5⅝
51⅞	19¾	1.00	Union Carbide & Carbon	43¼	43⅝
132	61¼	6.00	Union Pacific	110½	108
46⅞	16½	—	United Aircraft & Trans.	33½	33
14½	4⅞	—	United Corporation	5½	5½
25	14	1.20	United Gas Improvement	15½	15½
25	2⅞	—	U. S Rubber	17⅝	17¾
67½	23⅜	—	U. S Steel	42½	41⅝
51½	21½	•2.40	Universal Leaf Tobacco	41½	42
38¼	7⅝	—	Vanadium	20⅛	19¾
9¼	1	—	Warner Bros. Pictures	6½	6⅝
58¾	19⅜	—	Westinghouse E. & M.	38½	37¾
50⅞	25½	2.40	Woolworth	38⅝	38½

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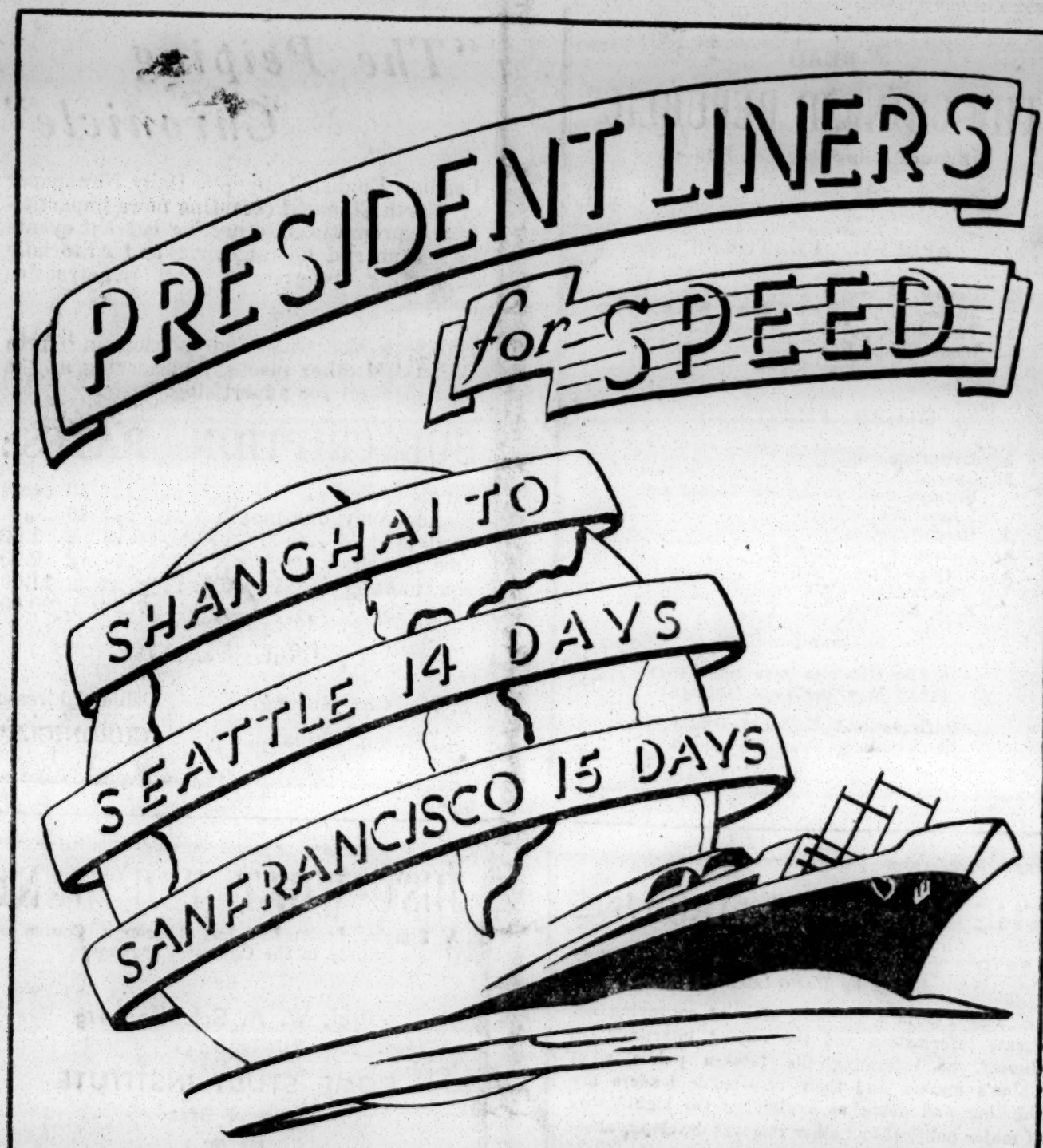

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